

S P R I N G 2 0 0 3

REVENUE SOURCES BOOK

Forecast & Historical Data



Tax Division

Frank Murkowski, Governor
William A. Corbus, Commissioner
Dan E. Dickinson, Director
Charles Logsdon, Chief Petroleum Economist

KEY CONTACT PERSONS
For Questions Related To This Forecast

Alaska Department of Revenue
Tax Division
Robert B. Atwood Building
Suite 500
Anchorage, Alaska 99501
(907) 269-1011 Voice
(907) 269-6644 Fax
<http://www.tax.state.ak.us>

Dan E. Dickinson, Director
(907) 269-1011
dan_dickinson@revenue.state.ak.us

Charles Logsdon, Chief Petroleum Economist
(907) 269-1019
charles_logsdon@revenue.state.ak.us

Denise Hawes, Economist/ Editor
(907) 269-1020
denise_hawes@revenue.state.ak.us

KEY CONTACT PERSONS
For Questions Related To Specific Topics In This Forecast

Constitutional Budget Reserve

Tom Boutin
Alaska Department of Revenue
Treasury Division
(907) 465-2300
tom_boutin@revenue.state.ak.us

Alaska Permanent Fund

Chris Phillips
Alaska Department of Revenue
Alaska Permanent Fund Corporation
(907) 465-2047
cphillips@alaskapermfund.com

Non-Petroleum Revenue

Brett Fried
Alaska Department of Revenue
Tax Division
(907) 465-3682
brett_fried@revenue.state.ak.us

Restricted General Fund Revenue

Brad Pierce
Office of the Governor
Management and Budget
(907) 465-4677
brad_pierce@gov.state.ak.us

TABLE OF CONTENTS

I. INTRODUCTION	3
Why Issue a Revenue Forecast?	3
What's In This Report?	4
Glossary	5
II. EXECUTIVE SUMMARY	7
A. Total Revenue	7
B. Unrestricted General Purpose Revenue	10
C. Oil Price Forecast	13
D. Oil Production Forecast	16
New Oil Development	18
Economic Limit Factor	19
E. Longer-Term Unrestricted Revenue Outlook	20
F. Budget Gap and the Constitutional Budget Reserve	21
III. OIL REVENUE	25
General Discussion	26
Unrestricted Oil Revenue	27
Oil and Gas Production Taxes	27
Oil Royalties	29
Oil Production Revenue Forecasting Methodology and Assumptions	29
Oil Price Forecast	30
Other Transportation and Production Costs	34
Oil Production	35
Petroleum Property Tax	37
Petroleum Corporate Income Tax	39
Restricted Oil Revenue	40
IV. NON-OIL REVENUE (EXCEPT FEDERAL AND INVESTMENT)	41
Non-Oil Tax	43
Alcoholic Beverages Tax	43
Corporate Income Tax	43
Electric Cooperative and Telephone Cooperative Taxes	43
Estate Tax	43
Fisheries Business Tax	44
Fishery Resource Landing Tax	44
Insurance Premium	44
Mining License Tax	44
Motor Fuel Tax	45
Seafood Assessments and Taxes	45
Tobacco Tax	45
Charitable Gaming	45
Charges for Services	47
Marine Highway Fund	47
Program Receipts	47
Fines and Forfeitures	49
Tobacco Settlement	49
Licenses and Permits	50
Fishing and Hunting License Fees	50
Motor Vehicle Registration Fees	50

Rents and Royalties	51	
Other	52	
Public Corporation Dividends	52	
Unclaimed Property	52	
V. FEDERAL REVENUE		53
VI. INVESTMENT REVENUE		57
Investment Forecast	58	
Unrestricted Investment Revenue	60	
Restricted Investment Revenue	61	
VII. STATE ENDOWMENT FUNDS		71
VIII. PUBLIC CORPORATIONS AND THE UNIVERSITY OF ALASKA		75
Public Corporations	75	
University of Alaska	82	
IX. ROSETTA STONE		83
Introduction	83	
Reconciling This Revenue Sources Book With the State's Annual Budget	86	
X. APPENDICES		A-1
A. General Fund Unrestricted Sensitivity Matrices	A-2	
B. Unrestricted Petroleum Production Tax and Royalty Revenue Forecast	A-3	
C. Historical and Projected Crude Oil Prices	A-4	
D. Historical and Projected ANS Production	A-5	
E. Historical General Fund Unrestricted Revenue	A-6	
F. Historical Petroleum Revenue	A-8	

I. INTRODUCTION

Why Issue a Revenue Forecast?

The goal of the semi-annual Revenue Sources Book is simply to describe state revenue in specific and complete terms for anyone who wants to ask: "Where does the state get its money?"

Public finances have long been an issue of interest to Alaskans. How much does the state earn from its public resources? How much does the oil and gas industry pay to the treasury? And what about the fishing industry, mining, user fees and other taxes? How much are we earning on our investments, especially the Permanent Fund, and how much from our state endowments and public corporations? All good questions, and all are answered in this book.

Until three years ago, the Department of Revenue forecast books were all about oil. Our storyline was world oil prices, world oil supply and world oil demand. However, there is much more to understanding Alaska's public finances than just the price of oil, even though oil revenues from production taxes, property taxes, royalties and corporate income taxes still pay most of the state's bills.

Although oil prices are still important, the state's dependence on the Constitutional Budget Reserve Fund — and our search for a long-term fiscal plan for the state — has brought a new element to our revenue forecasts. In addition to forecasting the price and production of Alaska North Slope oil, the department also tries to answer how much money will be needed from the Budget Reserve to balance state spending and when the savings account might run out.

As Alaskans' interest has expanded from wanting simply an oil price forecast to needing projections for investment earnings, the budget gap and Budget Reserve, and information on all state revenues, so too has the Department of Revenue's semi-annual forecast book expanded in size.

All of this information is helpful in answering the questions of how much is needed to pay for public services, where to get the money, and what we can do to ensure Alaska's fiscal health.

On the technical side, Sections III through VIII of the report include explanations of restricted funds (money restricted by the constitution, state statute, customary practice or federal designation) and explanations of unrestricted funds (money generally available for appropriation each year). The unrestricted revenue category is the focus of legislative and public debate each year, because it's this money that pays for many of our public services and the day-to-day operations of state government.

Revenue listed in the first table in the Executive Summary shows the new money available for appropriation each fiscal year, including oil revenue, non-oil revenue, federal revenue and investment earnings. This table does not include balances in existing funds such as the Constitutional Budget Reserve Fund or the Permanent Fund Earnings Reserve Account. The revenue that went into those funds was counted in previous years and should not be counted twice.

What's In This Report?

This Spring 2003 Revenue Sources Book is organized into 10 sections:

I. Introduction

II. Executive Summary

III. Oil Revenue

This section covers revenue from oil and gas production taxes, corporate income taxes, property taxes and royalties.

IV. Non-Oil Revenue (Except Federal and Investment)

This section summarizes revenue from alcohol, tobacco, fisheries, estate and motor fuel taxes, non-oil corporate income taxes, user fees and several other revenue sources.

V. Federal Revenue

This section describes federal spending in Alaska and federal revenue received by state government.

VI. Investment Revenue

This section includes investment earnings from the Alaska Permanent Fund, the Constitutional Budget Reserve Fund, the General Fund and other state investments.

VII. State Endowment Funds

This section compares basic policies governing six of the state's endowment funds.

VIII. Public Corporations and the University of Alaska

This section summarizes information about the University of Alaska and eight public corporations treated as separate component units of state government for financial reporting purposes.

IX. Rosetta Stone

The purpose of this section is to reconcile three different documents published by three separate agencies — the Revenue Sources Book, published by the Department of Revenue; the Summary of Appropriations, published by the Legislative Finance Division; and the Comprehensive Annual Financial Report (CAFR), published by the Finance Division of the Department of Administration.

X. Appendices

This section contains the General Fund Sensitivity Matrices, Unrestricted Petroleum Production and Royalty Revenue Forecast, Historical and Projected Crude Oil Prices and Production, and Historical General Fund Unrestricted Revenue and Petroleum Revenue.

Glossary

- **General Fund Revenue:** General Fund Revenue has different meanings in different contexts. In the state's official financial reports, General Fund Revenue is used to designate the sum of Unrestricted General Purpose Revenue, General Fund subaccount revenue (such as the Alaska Marine Highway System revenue) and federal dollars spent through the General Fund. See for example the Comprehensive Annual Financial Report at <http://www.state.ak.us/local/akpages/ADMIN/dof/fin-afr.htm> that shows General Fund Revenue at \$3.7 billion for FY 2002. However, for budgeting purposes, General Fund Revenue sometimes excludes both federal money or money earned in subaccounts of the General Fund. For example see the Legislative Finance Fiscal Summary, which shows General Fund Revenue of about \$1.6 billion for FY 2002. The \$2.1 billion difference is attributable in large measure to the treatment of federal money and General Fund subaccounts.
- **General Fund Unrestricted Revenue:** Revenue designated as General Fund in the state accounting system (AKSAS). This includes revenues we show as restricted in this report, such as shared taxes or Alaska Marine Highway System revenues.
- **Unrestricted General Purpose Revenue:** Revenue not restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. Most legislative and public debate over the budget each year centers on this category of revenue. In deriving this figure from General Fund Unrestricted Revenues, we have excluded customarily restricted revenues such as shared taxes and Alaska Marine Highway System revenues.
- **Restricted Revenue:** Revenue restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. The legislature can of course at any time remove restrictions that are solely imposed by either Alaska statute or customary practice. When these dollars are restricted General Fund revenues, they are either recorded in a restricted subaccount of the General Fund or are General Fund taxes customarily shared with other entities.
- **Federal Revenue:** When the federal government gives money to states, it restricts how that money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding.

▪ **Dedicated Revenue:** Restricted revenue recognized as such under the applicable provisions of the Alaska Constitution fits into this category. Other than the mineral revenue constitutionally dedicated to the Permanent Fund, all of the other revenue sources in this category were restricted by statute before statehood and therefore are not subject to the constitutional prohibition against dedicated funds. They include such funds as the Fish and Game Fund, Disabled Fisherman's Fund and Public School Fund.

▪ **Restricted Program Receipts:** This revenue is earmarked in state statute or by contract for specific purposes. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds, airport revenues and public corporation receipts. Some of this revenue is actually dedicated as a consequence of the provisions of Article 18, Section 11 of the Alaska Constitution (airport revenues). The remainder, while statutorily earmarked, may be appropriated to purposes other than those reflected in the example if the legislature so chooses (marine highway receipts).

▪ **Customarily Restricted Revenue:** Though not specifically dedicated by statute, these revenue sources have historically been treated by the legislature as if they were restricted. The largest item in this category is Permanent Fund earnings in excess of what is needed each year for dividends and inflation proofing. Though the money could be spent as unrestricted revenue, the legislature has always chosen to retain it in the Permanent Fund's Earnings Reserve Account or appropriate it to the fund's principal.

▪ **Permanent Fund Statutory Income:** The annual Permanent Fund dividend is based on statutory income. This is the sum of realized gains and losses of all Permanent Fund investment transactions during the year, plus interest, dividends and rents earned by the fund. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to dividends and inflation proofing, and then either leaving the excess in the Earnings Reserve Account or transferring it to the principal of the Permanent Fund.

▪ **Permanent Fund GASB (or Market) Income:** Under standards adopted by the Governmental Accounting Standards Board, the Permanent Fund's income — and that of any other government fund — is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends, interest or rent earned on those investments. Under GASB standards, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It's called "marking to market," that is, measuring the value of the fund's investments by the current market price. This can produce a much different picture than Permanent Fund Statutory Income, which does not reflect fluctuating investment values until the assets are sold.

▪ **Constitutional Budget Reserve Fund:** Created by voters in 1990, the Constitutional Budget Reserve Fund holds the proceeds from settlements of oil and gas and mining tax and royalty disputes since July 1, 1990. It generally requires a three-quarters majority vote of each chamber of the legislature to withdraw money from the fund.

II. EXECUTIVE SUMMARY

A. Total Revenue

Table 1 summarizes the state's total revenue outlook by major revenue component (Actual FY 2002 and projected FY 2003-2004).

Table 1. Total Revenue
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Oil Revenue			
Unrestricted			
Property Tax	49.6	48.6	48.5
Corporate Income Tax	178.4	140.0	200.0
Production Tax	496.3	596.6	498.1
Royalties (including Bonuses & Interest)	595.8	871.7	722.8
Subtotal	1,320.1	1,656.9	1,469.4
Restricted			
Royalties to Permanent Fund & School Fund	262.0	367.4	330.3
Settlements to CBRF	90.2	30.0	20.0
NPRA Royalties, Rents & Bonuses	1.7	34.8	2.9
Subtotal	353.9	432.2	353.2
Subtotal Oil	1,674.0	2,089.1	1,822.6
Non-Oil Revenue (Except Federal and Investment)			
Unrestricted			
Taxes	177.6	171.8	177.1
Charges for Services	19.1	11.5	11.5
Fines and Forfeitures	6.6	6.6	6.6
Licences and Permits	42.2	32.5	33.2
Rents and Royalties	9.3	9.3	9.3
Other	42.3	28.3	27.3
Subtotal	297.1	260.0	265.0
Restricted			
Taxes	57.7	63.7	68.7
Charges for Services	233.8	307.4	304.9
Fines and Forfeitures	29.1	28.5	25.6
Licenses and Permits	25.6	25.9	26.1
Rents and Royalties	2.5	2.5	2.5
Other	139.1	144.1	123.4
Subtotal	487.8	572.1	551.2
Subtotal Non-Oil (Except Federal and Investment)	784.9	832.1	816.2

Table 1. Total Revenue, cont.
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Federal Revenue			
Restricted			
Federal Receipts	1,552.7	2,429.9	2,497.3
Subtotal Federal Revenue	1,552.7	2,429.9	2,497.3
Investment Revenue			
Unrestricted			
GeFONSI Pool Investments	35.4	32.3	12.0
Investment Loss Trust Fund	0.1	0.1	0.1
Interest Paid by Others	7.6	2.0	2.0
Subtotal	43.1	34.4	14.1
Restricted			
GeFONSI Pool Investments	10.6	9.8	3.6
Constitutional Budget Reserve Fund	122.3	102.3	63.6
Other Treasury Managed Funds	(0.8)	9.5	30.8
Alaska Permanent Fund (GASB) ⁽¹⁾	(617.0)	(750.3)	1,631.6
Subtotal	(484.9)	(628.7)	1,729.6
Subtotal Investment Revenue	(441.8)	(594.3)	1,743.7
Grand Total	3,569.8	4,756.8	6,879.8

(1) Governmental Accounting Standards Board (GASB) principles recognize changes in the value of investments as income or losses at the end of each trading day, whether or not the investment is actually sold.

Figure 1. FY 2002 Total Revenue — \$3.7 Billion

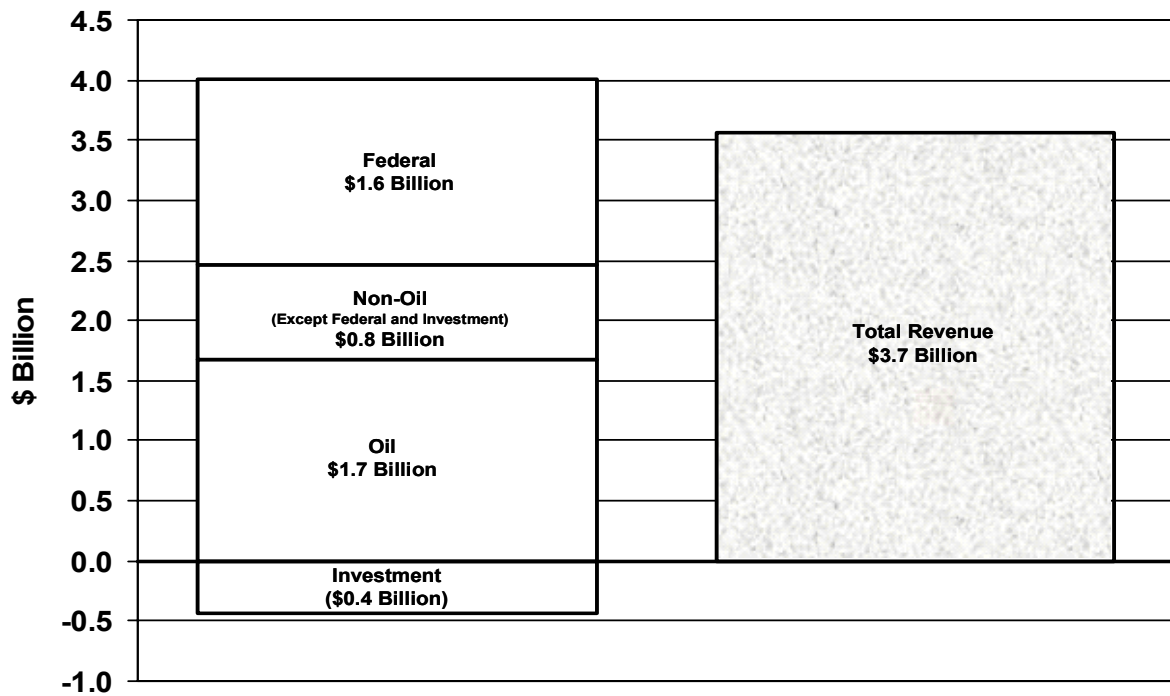
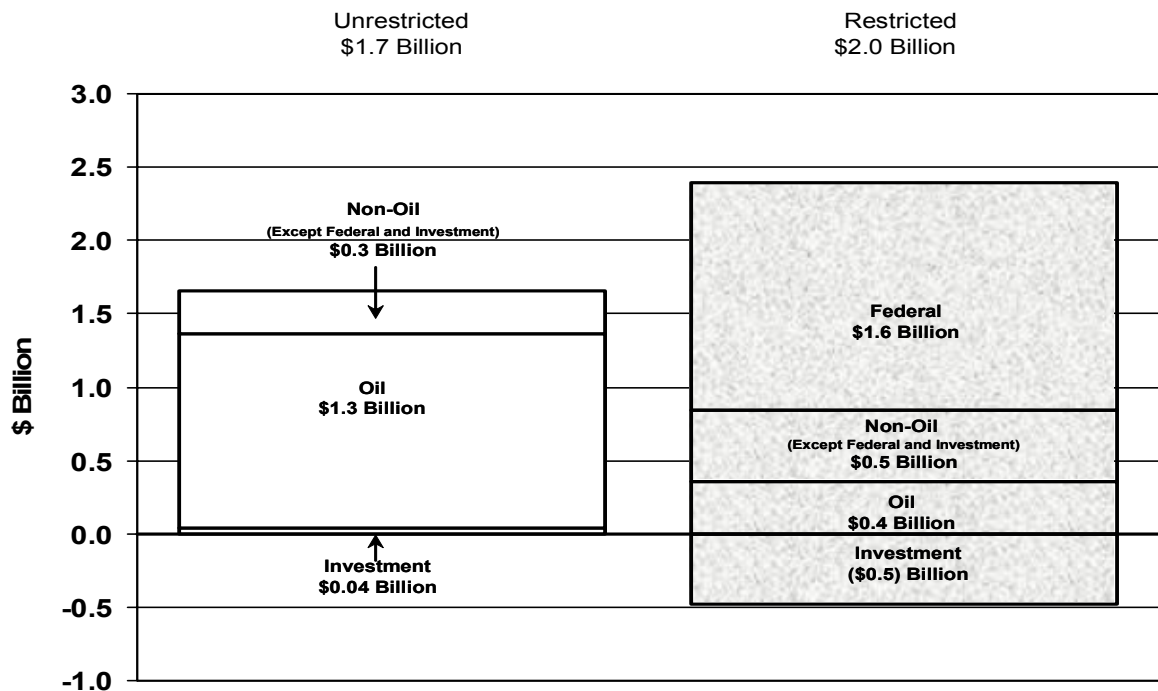


Figure 2. FY 2002 Unrestricted and Restricted Revenue



**Table 2. Total State Revenue, Actual FY 2002 and Projected 2003-2004 Unrestricted ⁽¹⁾ and Restricted by Major Source
\$ Million**

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Oil Revenue	1,320.1	1,656.9	1,469.4
Non-Oil Revenue (Except Federal and Investment)	297.1	260.0	265.0
Investment Revenue	43.1	34.4	14.1
Subtotal	1,660.3	1,951.3	1,748.5
Restricted			
Oil Revenue	353.9	432.2	353.2
Non-Oil Revenue (Except Federal and Investment)	487.8	572.1	551.2
Federal Revenue	1,552.7	2,429.9	2,497.3
Investment Revenue	(484.9)	(628.7)	1,729.6
Subtotal	1,909.5	2,805.5	5,131.3
Grand Total	3,569.8	4,756.8	6,879.8

(1) Total unrestricted revenue as reported for AKSAS (Alaska State Accounting System) with adjustments for certain municipal sharing of statewide taxes and additional spending restrictions.

B. Unrestricted General Purpose Revenue

Unrestricted General Purpose Revenue is the amount generally used for budget planning purposes. Table 3 on the next two pages sets out actual FY 2002 Unrestricted General Purpose Revenue and our revised forecast for FY 2003 and 2004.

We forecast Unrestricted General Purpose Revenue by first estimating General Fund Unrestricted Revenue, which includes all unrestricted revenue items in the Alaska State Accounting System (AKSAS), as well as certain program receipts. After consulting with the Governor's Office of Management and Budget and the Legislature, we adjust our forecast of General Fund Unrestricted Revenue to derive a forecast of total Unrestricted General Purpose Revenue. Reductions include: (1) earmarking revenue for specific programs, (2) pass-through revenue for qualified regional aquaculture and dive fishery associations, and (3) revenue shared with local governments and organizations (e.g., fisheries taxes). Additions include transfers from the unclaimed property trust.

Table 3. Unrestricted General Purpose Revenue
\$ Million

	Actual FY 2002	FY 2003	FY 2004
OIL REVENUE			
Property Tax	49.6	48.6	48.5
Corporate Income Tax	178.4	140.0	200.0
Production Tax			
Oil and Gas Production	486.7	587.4	488.6
Oil and Gas Hazardous Release	9.6	9.2	9.5
Subtotal	496.3	596.6	498.1
Royalties			
Mineral Bonuses and Rents	14.6	5.5	7.2
Oil and Gas Royalties	575.7	861.2	710.6
Interest Paid	5.5	5.0	5.0
Subtotal	595.8	871.7	722.8
Subtotal Oil Revenue	1,320.1	1,656.9	1,469.4
NON-OIL REVENUE (EXCEPT FEDERAL AND INVESTMENT)			
Non-Oil Tax			
Sales and Use			
Alcoholic Beverage	12.9	12.6	15.3
Cigarette	9.5	9.3	9.1
Other Tobacco Product	6.0	6.6	6.9
Insurance Premium	34.1	37.4	39.2
Electric and Telephone Cooperative	0.1	0.1	0.1
Motor Fuel Tax	40.2	36.1	37.5
Subtotal	102.8	102.1	108.1
Corporate Income Tax	53.4	50.0	50.0
Fish Tax			
Fisheries Business	12.7	11.1	11.1
Fishery Resource Landing	2.6	3.5	3.5
Subtotal	15.3	14.6	14.6
Other			
Mining	0.5	0.5	0.5
Estate	3.1	2.1	1.4
Charitable Gaming	2.5	2.5	2.5
Subtotal	6.1	5.1	4.4
Subtotal	177.6	171.8	177.1

(continued on next page)

Table 3. Unrestricted General Purpose Revenue, cont.
\$ Million

	Actual FY 2002	FY 2003	FY 2004
NON-OIL REVENUE (EXCEPT FEDERAL AND INVESTMENT)			
Charges for Services			
General Government	16.0	8.9	8.9
Natural Resources	1.9	1.4	1.4
Other	1.2	1.2	1.2
Subtotal	19.1	11.5	11.5
Licenses and Permits			
Motor Vehicle	35.7	29.8	30.5
Other	6.5	2.7	2.7
Subtotal	42.2	32.5	33.2
Fines and Forfeitures			
Other Settlements	0.8	0.8	0.8
Other Fines and Forfeitures	5.8	5.8	5.8
Subtotal	6.6	6.6	6.6
Rents and Royalties			
Land Leasing, Rental and Sales	8.3	8.3	8.3
Coal Royalties	0.6	0.6	0.6
Timber Sales	0.2	0.2	0.2
Cabin Rentals	0.2	0.2	0.2
Subtotal	9.3	9.3	9.3
Other			
Miscellaneous	27.3	24.3	24.3
Unclaimed Property	15.0	4.0	3.0
Subtotal	42.3	28.3	27.3
Subtotal Non-Oil Revenue (Except Federal and Investment)	297.1	260.0	265.0
INVESTMENT REVENUE			
GeFONSI Pool Investments	35.4	32.3	12.0
Investment Loss Trust Fund	0.1	0.1	0.1
Interest Paid by Others	7.6	2.0	2.0
Subtotal Investment Revenue	43.1	34.4	14.1
TOTAL UNRESTRICTED REVENUE	1,660.3	1,951.3	1,748.5

C. Oil Price Forecast

Oil revenue will continue to provide close to 80% of forecast Unrestricted General Purpose Revenue through FY 2009. Two elements are critical to the oil forecast: price and volume.

The spot price of ANS is quoted by subtracting a market differential from the price of West Texas Intermediate (WTI) on the New York Mercantile Exchange (NYMEX). There is no price for Alaska oil on the NYMEX. All of Alaska's current oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and severance tax revenue depends in large part on the market price of Alaska North Slope crude oil (ANS) at U.S. West Coast refining centers.

The table below reflects actual prices for FY 2002 and the Department of Revenue's forecast of oil prices for the 8-year period beginning with the current fiscal year, FY 2003, and continuing through FY 2010. The short-term oil price forecast (FY 2003-2004) is based on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price scenario meeting. Our long-term forecast (FY 2005-2010) is based on the premise that prices will converge to \$22 per barrel, the low-end of OPEC's current price target range.

Table 4. Delivered Price for ANS Crude Oil
Average West Texas Intermediate (WTI), ANS West Coast and ANS Wellhead
\$ per barrel

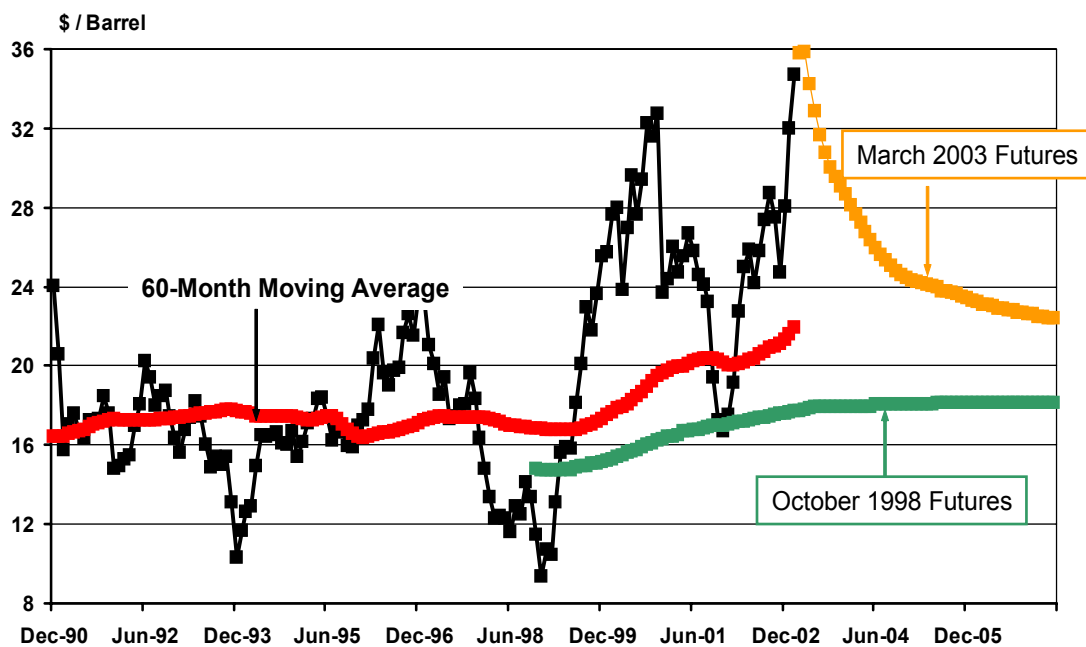
Fiscal Year	WTI	ANS West Coast	ANS Wellhead
Actual 2002	23.80	21.78	16.80
2003	29.40	28.14	22.85
2004	26.93	25.28	20.02
2005	23.32	21.67	16.29
2006	23.65	22.00	16.44
2007	23.65	22.00	16.33
2008	23.65	22.00	16.25
2009	23.65	22.00	16.22
2010	23.65	22.00	16.10

The prices we are forecasting are higher than the average market prices experienced over the 16-year period since the 1986 oil price collapse but are consistent with prices since 1999. The figure on the next page depicts: (1) the monthly West Coast ANS market price from December 1990 through February 2003; (2) the 60-month moving average West Coast market price for the same period; and (3) a set of derived ANS futures prices for October 1998 and March 2003.⁽¹⁾

(1) The derived ANS futures price is based on the spot market differential between WTI and ANS applied to the WTI futures prices as reported on the New York Mercantile Exchange (NYMEX).

The figure below clearly illustrates the volatility of month-to-month crude oil prices. ANS West Coast prices during the pertinent time period ranged from just under \$10 per barrel to over \$32 per barrel. The average of the 60-month moving averages shown in the figure below is \$17.84 per barrel. The derived futures market prices reflected below illustrates that the current convergence price has increased by about \$5 per barrel since October 1998.

Figure 3. ANS West Coast and Futures Market Oil Prices

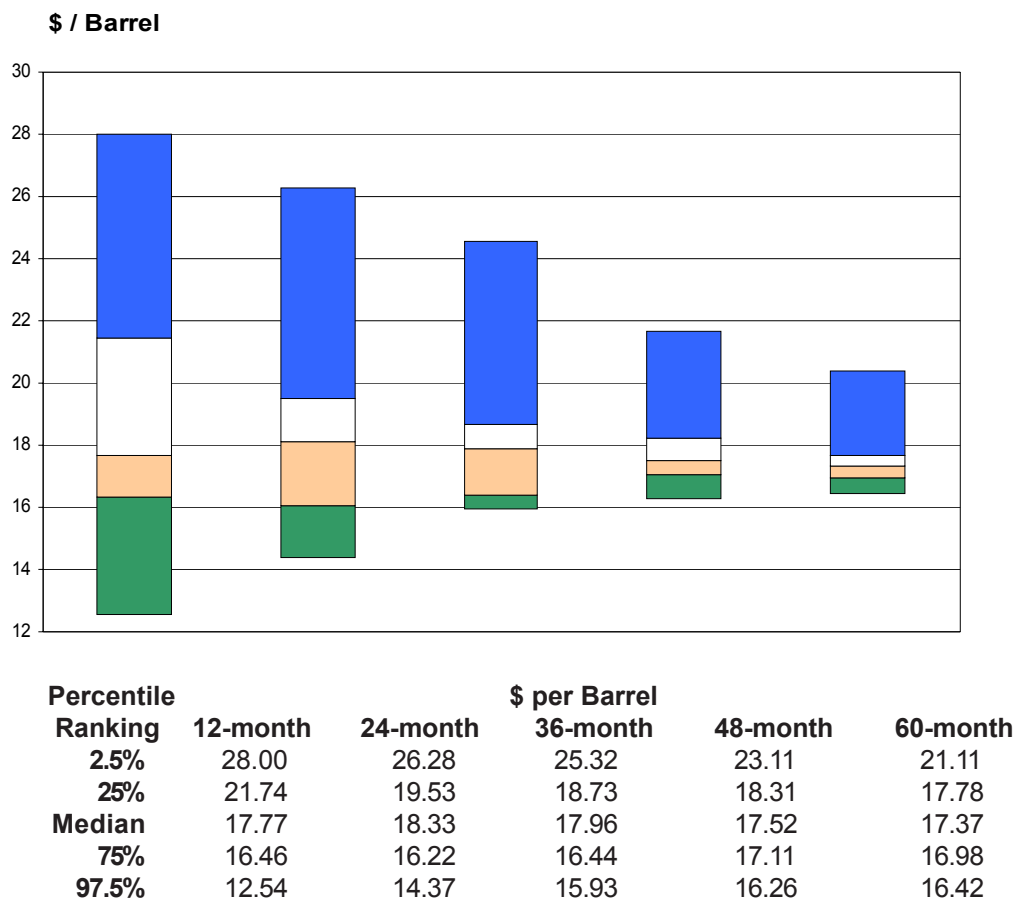


The figure on the next page reflects another analysis demonstrating both the short-term volatility and the longer-term stability of ANS West Coast market prices over the past 16 years. The left-hand bar depicts the variability of ANS West Coast oil prices for each of the rolling 12-month time periods (from December 1990 to February 2003). Ninety-five percent of those average prices fall between \$12.54 and \$28 per barrel; 50% of the time those prices fall between \$16.46 and \$21.74 per barrel, with a median price of \$17.77 per barrel.

The right-hand bar depicts the variability of the rolling 60-month time period. The 60-month average ANS West Coast market prices were obviously very consistent. Ninety-five percent of those averages fall between \$16.42 and \$21.11 per barrel; 50 percent of the time, between \$16.98 and \$17.78 per barrel; and the median of those 60-month average prices is \$17.37 per barrel. The middle three bars in the figure reflect the variability of the rolling 24-month, 36-month and 48-month time periods.

It is important to note that our base-case forecast through FY 2010 of \$22 per barrel reflects an assumption that OPEC will manage the market to a price above the long-term price suggested by the statistics illustrated below. OPEC has successfully managed its share of oil production for the past four years. The evidence is that ANS oil prices over the past 60 months have averaged about \$22.50 per barrel.

**Figure 4. Cumulative Average ANS Oil Price (December 1990-February 2003)
Moving Average and Confidence Intervals**



The percentile ranking is the probability of exceeding the corresponding ANS oil price.

D. Oil Production Forecast

In 1988, ANS production peaked at 2.005 million barrels per day and has declined steadily since. The figure on the next page reflects the historical and projected rates for ANS oil production. FY 2001 was the first full year that ANS production averaged less than 1 million barrels per day — daily production averaged 0.991 million barrels per day. Thanks to the contribution of new fields, Northstar and Alpine, ANS production averaged 1.003 million barrel per day in FY 2002.

The future development of recent discoveries in the National Petroleum Reserve-Alaska (NPR-A) and the projected development of Nanuk, Fiord, Sourdough, Point Thomson and Liberty will increase production to slightly above the 1 million barrel per day level in FY 2009-2010.

A detailed field-by-field production forecast can be found in Appendix D.

Figure 5. ANS Historical Production
Million Barrels/ Day

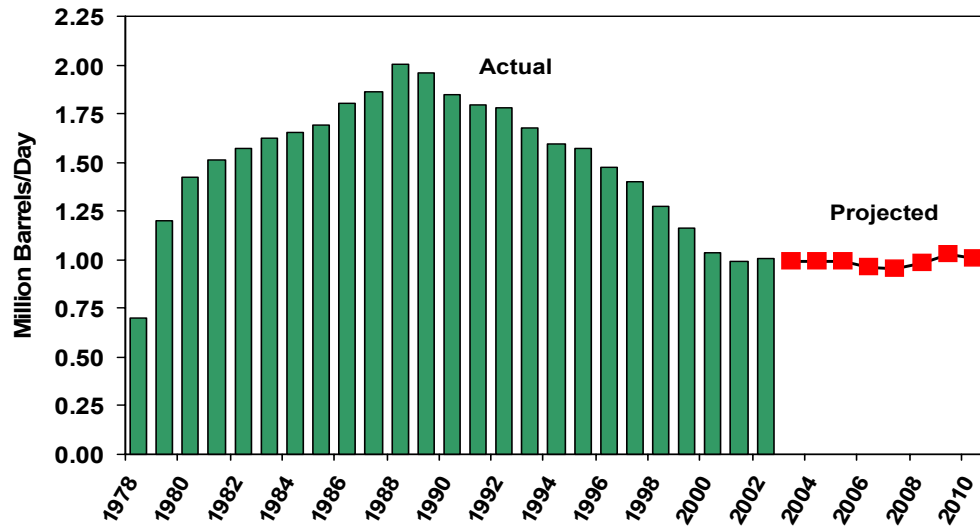


Table 5. ANS Oil and NGL Production
million barrels per day

<u>Fiscal Year</u>	<u>ANS Production</u>
Actual 2002	1.003
2003	0.994
2004	0.993
2005	0.992
2006	0.962
2007	0.957
2008	0.984
2009	1.031
2010	1.008

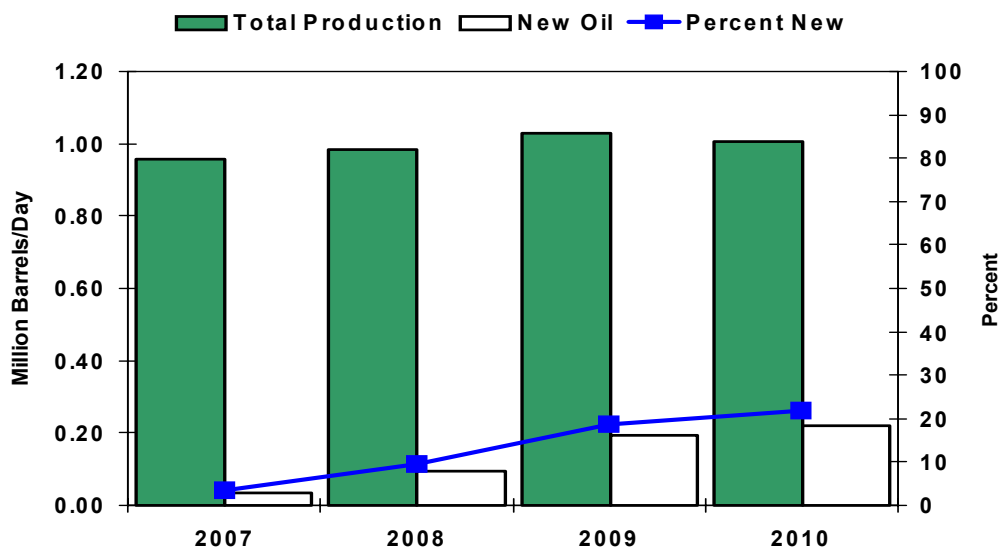
New Oil Development

As the volumes from the giant Prudhoe Bay and Kuparuk fields continue to decline, some of the decline in production will be offset by new oil development. In our forecast, new oil is defined as crude already discovered and likely to be developed. By FY 2010, as the table and figure below show, over one-fifth of our forecasted oil production will come from fields not currently producing oil.

Table 6. New Oil as a Percentage of Total Oil
million barrels per day

Fiscal Year	New Oil	Total Oil	New Oil as Percent of Total Oil
2007	0.034	0.957	3.6%
2008	0.094	0.984	9.6%
2009	0.192	1.031	18.6%
2010	0.220	1.008	21.8%

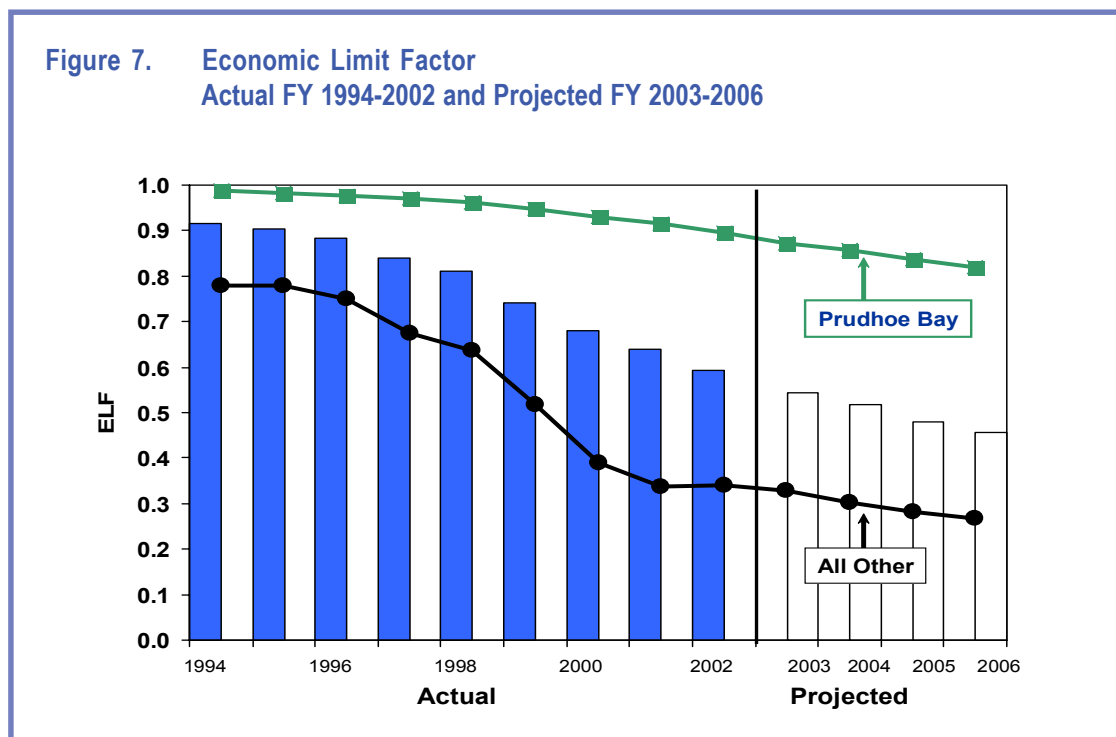
Figure 6. New Oil as a Percentage of Projected Oil



Economic Limit Factor

The average production tax rate on the North Slope has been falling as the result of the tax adjustment known as the Economic Limit Factor (ELF). The ELF is a factor that reduces the nominal production tax rate on a producing reservoir based on the average rate of production from the reservoir and the average productivity of the wells producing that reservoir. Since oil production rates and well productivity decline over time as an oil field is being produced, the average production tax rate will fall as well. Further, the ELF reduces the tax rate on smaller oil fields such that most fields producing less than 20,000 barrels per day will pay little or no production tax.

An ever smaller percentage of Alaska's current and projected North Slope oil production will continue to come from old, declining fields, while new production will come from small fields. Therefore, the average tax rate will continue to fall. The average oil production tax rate for North Slope production in FY 1994 was 13.5%; we project that for FY 2003 it will average 7.9%. The figure below illustrates the actual weighted average ELF for North Slope oil production since 1994 and our projections of that weighted average through FY 2006. The Prudhoe Bay ELF is also shown, as well as the average ELF for all of the other North Slope fields.



E. Longer-Term Unrestricted Revenue Outlook

Using the price and volume components developed for this spring 2003 forecast, the table below summarizes the department's forecast of total Unrestricted General Purpose Revenue through FY 2010.

**Table 7. Total Unrestricted General Purpose Revenue
Actual FY 2002 and Projected FY 2003-2010
\$ Million**

Fiscal Year	(Section III) Unrestricted Oil Revenue	(Section IV) Unrestricted Non-Oil Revenue	(Section VI) Unrestricted Investment Revenue	Total Unrestricted Revenue	Percent from Oil
Actual 2002	1,320.1	297.1	43.1	1,660.3	80
2003	1,656.9	260.0	34.4	1,951.3	85
2004	1,469.4	265.0	14.1	1,748.5	84
2005	1,201.5	265.4	14.1	1,481.0	81
2006	1,174.1	265.8	14.1	1,454.0	81
2007	1,129.5	267.0	14.1	1,410.6	80
2008	1,109.7	268.1	14.1	1,391.9	80
2009	1,104.8	269.3	14.1	1,388.2	80
2010	1,025.1	270.5	14.1	1,309.7	78

F. Budget Gap and the Constitutional Budget Reserve

The governor has proposed additional revenue and deposits to the General Fund for FY 2004 (as set forth in the table below) in an effort to reduce the budget gap and the annual draw on the Constitutional Budget Reserve Fund. The new revenues were originally presented as \$113.6 million and that figure can still be found in the administration's budget.⁽¹⁾ We have added \$7 million to the Charitable Gaming Tax to reflect changes to that proposal.

Table 8. Proposed New Revenue for FY 2004
\$ Million

One-Time Deposits to the General Fund	
Alaska Science and Technology Endowment	86.4
Deposit Excess from Land Disposal Income Fund	2.5
Interest on Anchorage-Kenai Electrical Intertie Grant	27.0
Reduce Receipt-Supported Services Carry-Forward at Public Safety	0.9
International Trade Endowment	<u>4.4</u>
Total One-Time Deposits to the General Fund	121.2
New Revenue	
Increase Business License Fee	6.9
Establish Non-Consumptive Wildlife Fee (Wildlife Pass) and Increase Non-Resident Big Game Tags	7.5
Ferry Ticket Surcharge	0.5
Expected TAPS Tariff Settlement	1.5
Recorder's Fees Increase	2.2
UCC Filing Fees Increase	0.1
Oil and Gas Lease Sales	8.0
Education Tax or Seasonal Sales Tax	28.8
Charitable Gaming Pull-Tab Tax Increase	18.5
Motor Fuel Tax Increase	37.7
Motor Vehicle Title and Lien Recording Fee Increase	1.5
Vehicle Registration Fee Increase	5.5
Studded Tire Fee	<u>1.9</u>
Total New Revenue	120.6
Grand Total Proposed New Revenue	241.8

Source: Office of Management and Budget

(1) http://www.gov.state.ak.us/omb/04_omb/budget/fiscalsummary.pdf

The table below reflects the amount needed to make up the difference between the Department of Revenue's forecast of Unrestricted General Purpose Revenue and the governor's proposed new revenues vs. an annual General Fund budget, shown here as a flat \$2.5 billion for all operating, capital, debt service, lease payments and supplemental appropriations. ⁽¹⁾

Table 9. Difference Between Unrestricted General Purpose Revenue and General Fund Budget — "The Gap" ⁽¹⁾
\$ Million

Fiscal Year	Total Unrestricted General Purpose Revenue	(2) Proposed New Revenue	Total Revenue	(1) General Fund Appropriation	Difference
Actual 2002	1,660.3	0.0	1,660.3	2,391.9	(731.6) ⁽³⁾
2003	1,951.3	0.0	1,951.3	2,471.2	(519.9)
2004	1,748.5	241.8	1,990.3	2,450.8	(460.5)
2005	1,481.0	120.6	1,601.6	2,500.0	(898.4)
2006	1,454.0	120.6	1,574.6	2,500.0	(925.4)
2007	1,410.6	120.6	1,531.2	2,500.0	(968.8)
2008	1,391.9	120.6	1,512.5	2,500.0	(987.5)
2009	1,388.2	120.6	1,508.8	2,500.0	(991.2)
2010	1,309.7	120.6	1,430.3	2,500.0	(1,069.7)

(1) The projected Fiscal Year 2005-2010 budget of \$2.5 billion is simply a reference point for analysis. Any budget estimate used to determine "The Gap" will have its detractors — some will contend spending should be cut, while others will argue just as strongly that spending should be increased.

(2) Includes the governor's proposed new revenues plus the FY 2004 one-time deposits to the General Fund.

(3) The "Gap", or the draw on the CBRF for Fiscal 2002, is shown as actual cash spending which does not take into account Fiscal 2002 appropriations that will be spent in Fiscal 2003.

As approved by voters in 1990, all of the money from oil and gas and tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about \$5.5 billion into the reserve fund and has earned about \$1.5 billion on the money.

For all but two of those years, the state has relied on the CBRF to fill the difference between unrestricted revenue and the annual state budget.

Through April 7, 2003, approximately \$5.0 billion had been withdrawn from the CBRF to balance the budget, leaving a balance of \$1.942 billion.

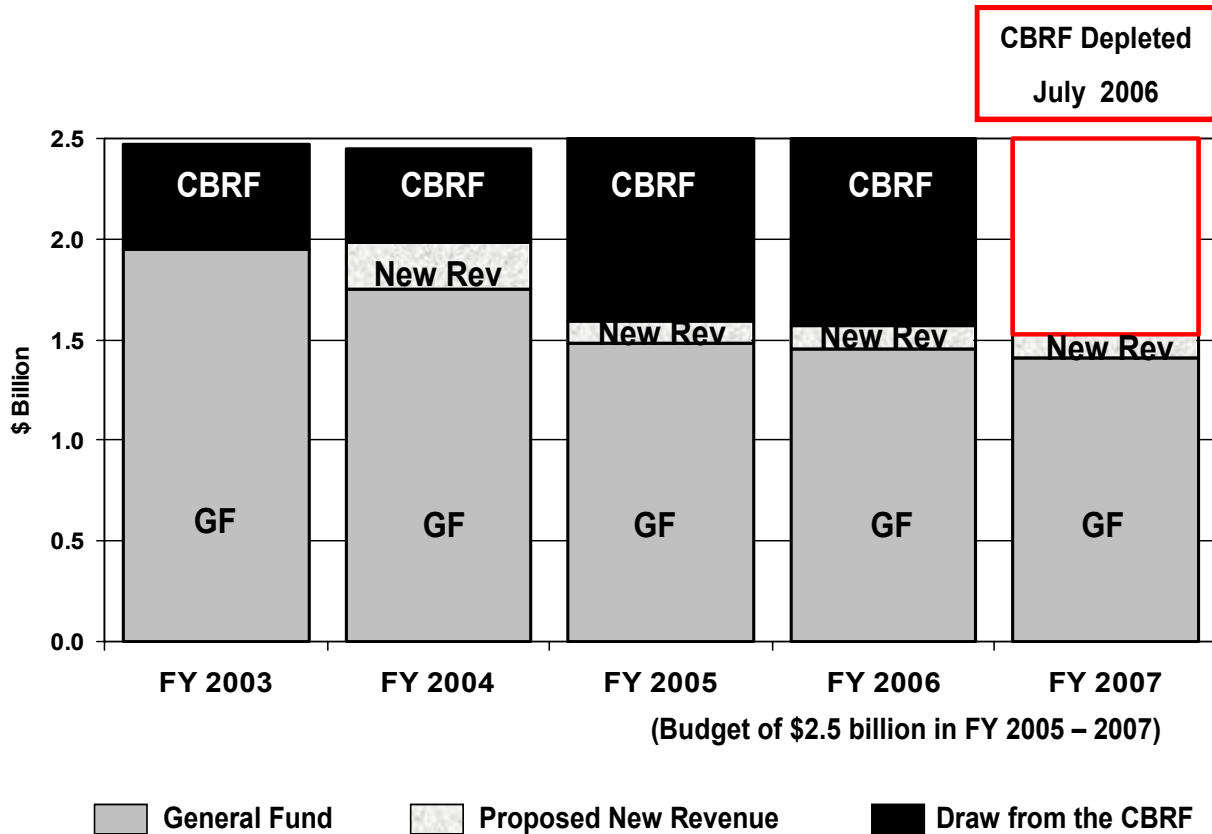
This table reflects the CBRF depletion matrix and the time period the fund could continue to make up the difference between Unrestricted General Purpose Revenue and the General Fund budget at various oil prices and budget levels. For example, assuming no change in the state's fiscal system, if we are correct in our oil price forecast and if we assume a flat total General Fund budget of \$2.5 billion per year, the CBRF will be exhausted in July 2006.

Table 10. When Would the CBRF Be Gone?

State Spending and Oil Price Variables			
Annual State Budget	\$18/bbl	DOR Spring⁽¹⁾	\$28/bbl
\$2.400 billion	Sep-2005	Oct-2006	Feb-2009
\$2.500 billion	Aug-2005	Jul-2006	Apr-2008
\$2.600 billion	Jul-2005	Apr-2006	Sep-2007

(1) Based on Department of Revenue Spring 2003 oil price forecast: FY 2003 ANS, \$28.14; FY 2004 ANS, \$25.28.
Sources: Department of Revenue Spring 2003 Forecast, Fiscal Driver Model of Oil Revenue and CBRF Performance.

Figure 8. Anticipated Sources of General Fund Spending, FY 2003-2007

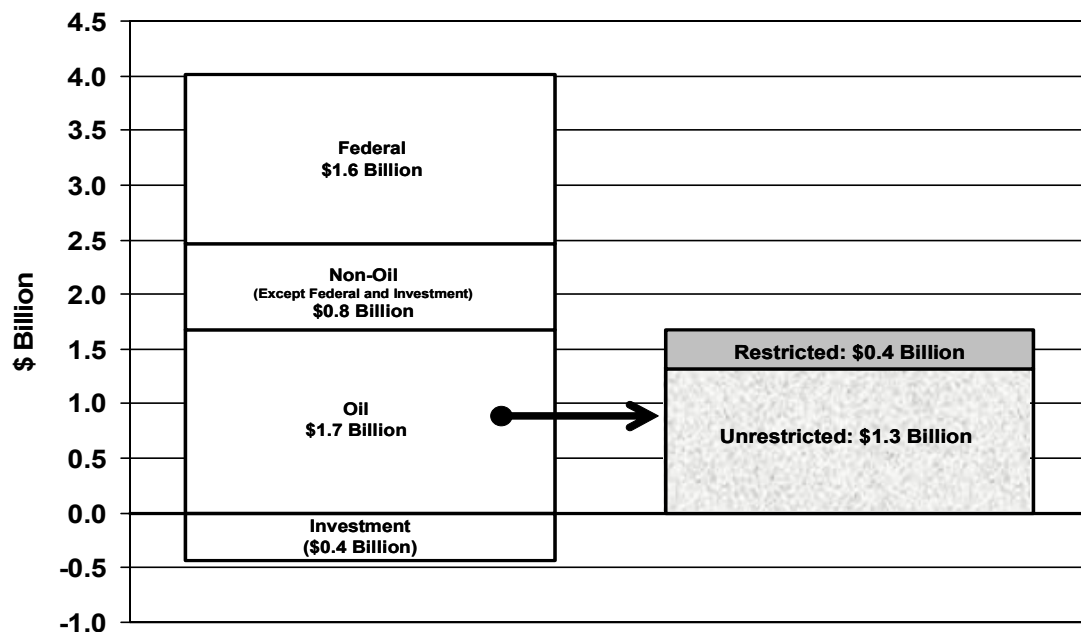


III. OIL REVENUE

Table 11. Total Oil Revenue
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Property Taxes	49.6	48.6	48.5
Corporate Income Taxes	178.4	140.0	200.0
Production Taxes	496.3	596.6	498.1
Royalties (including Bonuses and Interest)	595.8	871.7	722.8
Subtotal	1,320.1	1,656.9	1,469.4
Restricted			
Royalties to Permanent Fund & School Fund	262.0	367.4	330.3
Settlements to CBRF	90.2	30.0	20.0
NPRA Royalties, Rents and Bonuses	1.7	34.8	2.9
Subtotal	353.9	432.2	353.2
Total	1,674.0	2,089.1	1,822.6

Figure 9. FY 2002 Oil Revenue
\$1.7 Billion

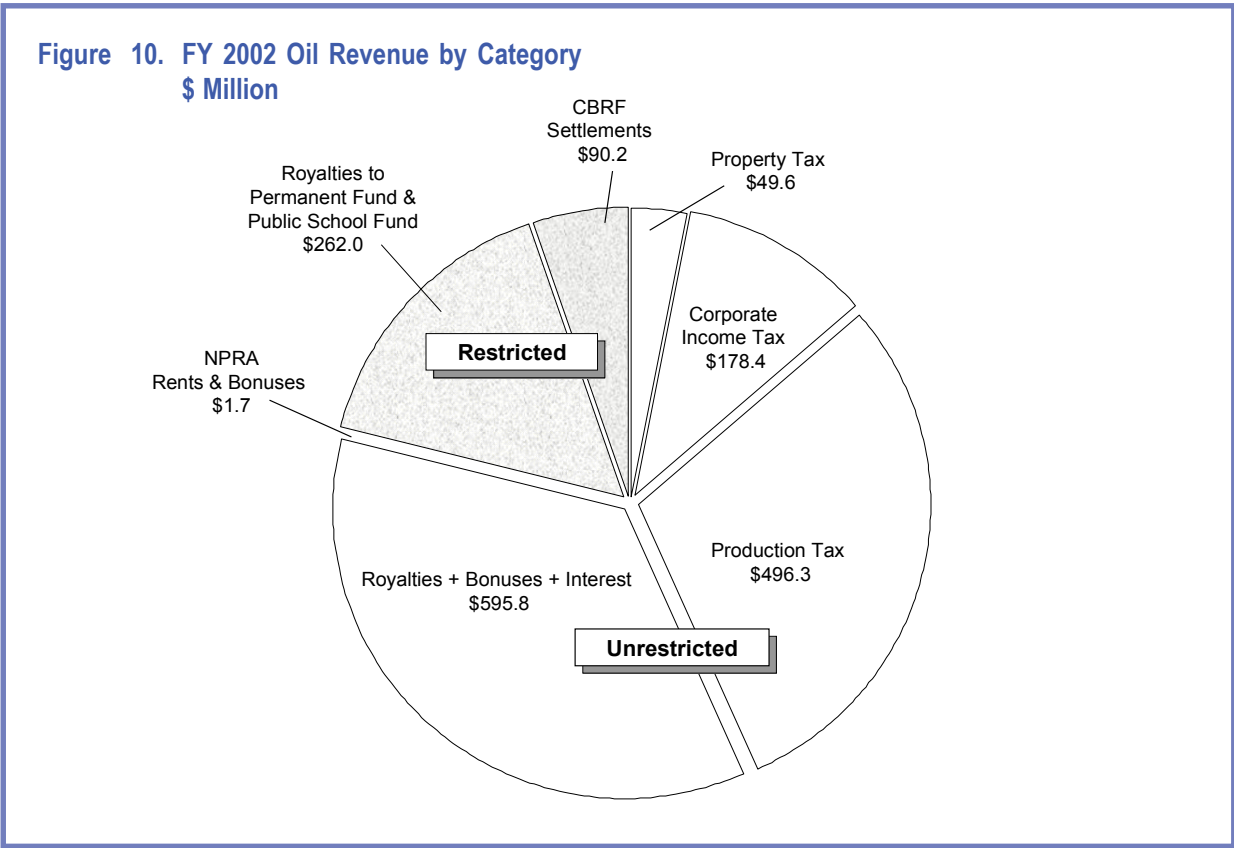


General Discussion

The state receives its oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue received from taxes and royalties goes into the General Fund for general purpose spending. Slightly more than 30% of the royalty revenue goes into the principal of the Permanent Fund, and 0.5% goes into the Public School Trust Fund. Currently, the state’s share of all lease bonuses from the National Petroleum Reserve-Alaska (NPR-A) goes into the NPR-A Fund.⁽¹⁾ Settlements of tax and royalty disputes between the State of Alaska and oil and gas producers go into the Constitutional Budget Reserve Fund (CBRF).

The figure below shows the actual amount of oil revenue from each source in FY 2002.

As can be seen from the figure, royalties and severance taxes constitute the largest part of oil revenue — both restricted and unrestricted. This section begins with a discussion of these two revenue sources, both of which are driven by price and volume. We then review the price forecasting methodology that underlies our forecast, as well as explore how those market prices determine wellhead value. We also review our volume forecast, and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.



(1) This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the needs of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII-P of Treasury’s Investment Policies and Procedures Manual.

Unrestricted Oil Revenue

Table 12 . Unrestricted Oil Revenue Projections
Actual FY 2002 and Projected FY 2003-2010
\$ Million

Fiscal Year	Property Taxes	Corporate Income Taxes	Production Taxes	Royalties including Bonuses & Interest	Total Oil
Actual 2002	49.6	178.4	496.3	595.8	1,320.1
2003	48.6	140.0	596.6	871.7	1,656.9
2004	48.5	200.0	498.1	722.8	1,469.4
2005	42.2	190.0	386.9	582.5	1,201.5
2006	40.0	180.0	376.7	577.3	1,174.1
2007	37.8	170.0	345.0	576.8	1,129.5
2008	35.2	160.0	327.1	587.4	1,109.7
2009	32.8	150.0	325.8	596.2	1,104.8
2010	30.3	140.0	287.6	567.2	1,025.1

Oil and Gas Production Taxes

All oil and gas production in Alaska except the federal and state royalty share is subject to the state's production taxes. The taxes consist of the oil and gas production tax and a hazardous release surcharge levied only on oil. All of these taxes are collected on a monthly basis.

Oil Production Tax.

The tax rate for oil depends on the age of the field and the Economic Limit Factor (ELF). The ELF depends on the total daily oil production and the average daily per well oil production from each producing field.

The statutory production tax rate on oil is 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There is a minimum tax of 80 cents per taxable barrel.

The effective tax rate is calculated by multiplying the statutory tax rate, even if it is the minimum 80 cents per barrel, times the ELF. The ELF formula for oil production is:

$$ELF = \left[1 - \frac{(300 \times \text{wells})}{\text{volume}} \right]^{\frac{(150,000)^{1.53333}}{\text{volume}}}$$

"Wells" is the number of producing wells in the field and "volume" is the total daily production for the field.

The ELF formula results in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There is a unique ELF for every combination of total daily field production and average daily per well production.

The taxable value of oil is determined by deducting allowable marine and pipeline transportation costs from the destination value of the oil at its disposition point. This point is defined as either a third-party sale or delivery to the producer's own refinery. The destination value for most dispositions is tied by regulation to the West Coast spot price of ANS crude oil.

Natural Gas Production Tax.

The statutory production tax rate on natural gas is 10% of its value at the point of production, regardless of the age of the field. There is a minimum tax of 6.4 cents per thousand cubic feet.

To calculate the effective tax rate, multiply the statutory tax rate, even if it is the minimum 6.4 cents per thousand cubic feet, by the ELF. The ELF formula for natural gas production is:

$$\text{ELF} = 1 - (3000/\text{PPW})$$

PPW = average gas production per well per day in the field in thousand cubic feet

If the average daily per well gas production from a field is less than 3,000 cubic feet, the ELF is zero and no gas production taxes are assessed.

The taxable value of natural gas depends on the location of its disposition and its use. For Cook Inlet production, the value for gas sent to Japan as LNG is based on the sales price in Japan less marine, processing and pipeline costs; the value for sales to the Nikiski fertilizer plant is indexed to the current market price of anhydrous ammonia; the value for sales for local use is based on the average sales price for the contracts in effect each month. The small volume of taxable North Slope gas production is valued for tax purposes using the following formula linking it to the value for North Slope crude oil:

$$\text{ANS Gas Taxable Value/mcf} = 0.10 (\text{average ANS oil per barrel netback value})$$

Hazardous Release Surcharge.

This tax was enacted following the 1989 grounding of the Exxon Valdez to provide an emergency fund to deal with hazardous substance spills.

The surcharge is comprised of two components: (1) a 3 cents per barrel charge on all oil production, except federal and state royalty barrels, and (2) an additional 2 cents per barrel charge on all oil production except federal and state royalty barrels whenever the balance in the state Oil and Hazardous Substance Release Prevention and Response Fund falls below \$50 million. The balance of the fund was \$50 million or greater for all of FY 2002, so the surcharge was 3 cents per barrel for the entire fiscal year.

Oil Royalties

Almost all Alaska oil and gas production occurs on lands leased by the state for exploration and development of oil and gas resources. As the land owner, the state earns revenue from leasing state-owned land as: (1) upfront bonuses, (2) annual rent charges, and (3) a retained royalty interest in oil and gas production.

Generally, the state issues leases based on a competitive bonus bid system. It has always retained a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In 2002, the state took approximately 42,000 barrels per day of Prudhoe Bay production in-kind and sold it to the Williams Alaska Petroleum Company, for its refinery in North Pole. The state's royalty share of Alaska North Slope production amounts to about 125,000 barrels per day.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil less a transportation allowance back to the lease.

Oil Production Revenue Forecasting Methodology and Assumptions

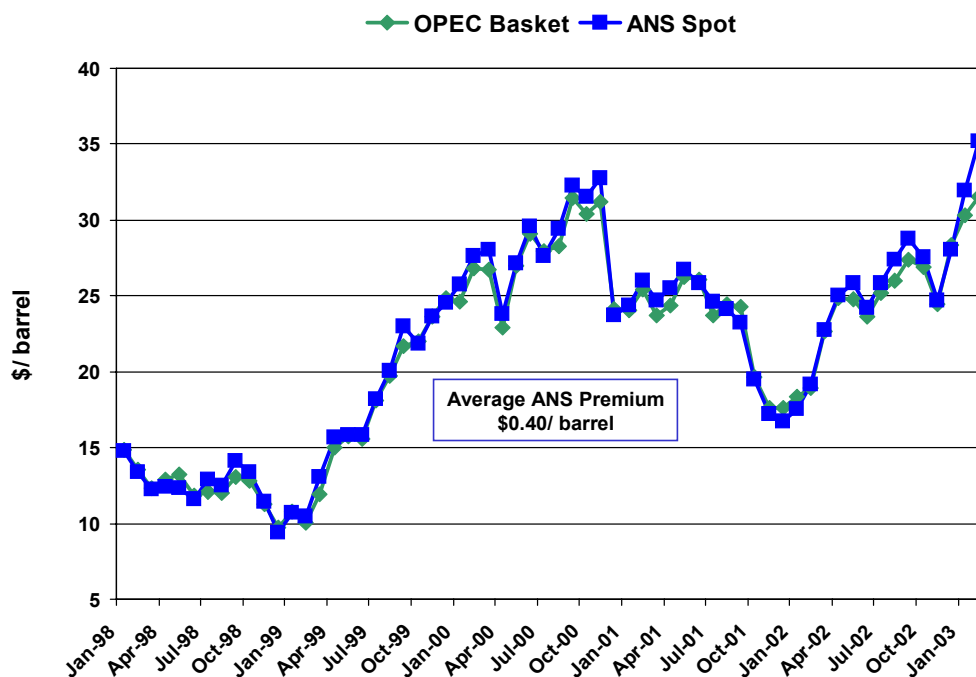
The forecasted value of the state's anticipated oil production is based on projections of the destination market price of oil and the cost of shipping oil by pipeline and tanker to market. The forecast is the product of a formal oil price scenario meeting that includes state economists and financial professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget and the University of Alaska.

To develop a production volume forecast, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Alaska Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. This production volume forecast is developed from estimates of oil and gas production by field.

Oil Price Forecast

The accuracy of our oil price forecast for the next 18 months is dominated by the war in Iraq. Iraq has oil reserves of 114 billion barrels, an amount exceeded only by the reserves in Saudi Arabia. The United Nations has essentially regulated Iraqi production over the past 12 years. Iraq, which had produced at levels above 3 million barrels per day prior to the 1991 Gulf War, has averaged about 2 million barrels per day since then. The speculation of a war with Iraq starting last year definitely placed a premium on world oil prices. Just prior to the invasion by the United States and its allies, ANS oil peaked at \$37.48 per barrel March 12. With the invasion, prices began to fall. By March 21, oil prices finished the day at \$25.61 per barrel. This ride up to \$37+ oil and dramatic drop to below \$26 is an example of the effect of war and the uncertainty it generates on oil prices when large-scale hostilities break out in a region that supplies one-third of the world's daily oil production.

Figure 11. OPEC Basket and ANS Spot Price (January 1998-February 2003)



OPEC Basket consists of Saharan Blend, Minas, Bonny Light, Saudi Arab Light, Dubai, Tiajuana Light and Isthmus.

The war in Iraq presents a number of possible oil price scenarios. In this forecast, we have chosen to assume as our reference case that there is an end to the war by this summer, with regime change and secure and mostly undamaged oil fields. The subsequent resumption of Iraqi oil exports and the end to a “war premium” on world oil prices should result in an oil price that remains within the OPEC target range of \$22 to \$28 per barrel. There is, of course, the possibility a prolonged war and damage to the Iraqi oil fields could lead to higher prices.

Longer term, we believe OPEC will continue to maintain a degree of control over the oil market allowing members to manage the oil price within their \$22 to \$28 per target range. For several years we have forecast that over the long term the delivered West Coast price for ANS would continue its post-1985 average of \$16.50 to \$17.50 per barrel. However, OPEC’s success over the past four years in maintaining the OPEC basket price within its target price band leads us to believe the most likely long-term delivered West Coast ANS price will be about \$22 per barrel (in nominal dollars) — the ANS price equivalent to the OPEC basket price at the bottom of the target range. That is our base case long-term oil price forecast.

As alternative outcomes, we present the results of using an \$18 delivered ANS price (the average delivered West Coast ANS price from January 1986 through March 2002), and using a \$28 price (the upper end of the OPEC’s target range.) See Table 13 on the next page.

Short-Term Scenarios (FY 2004-2005).

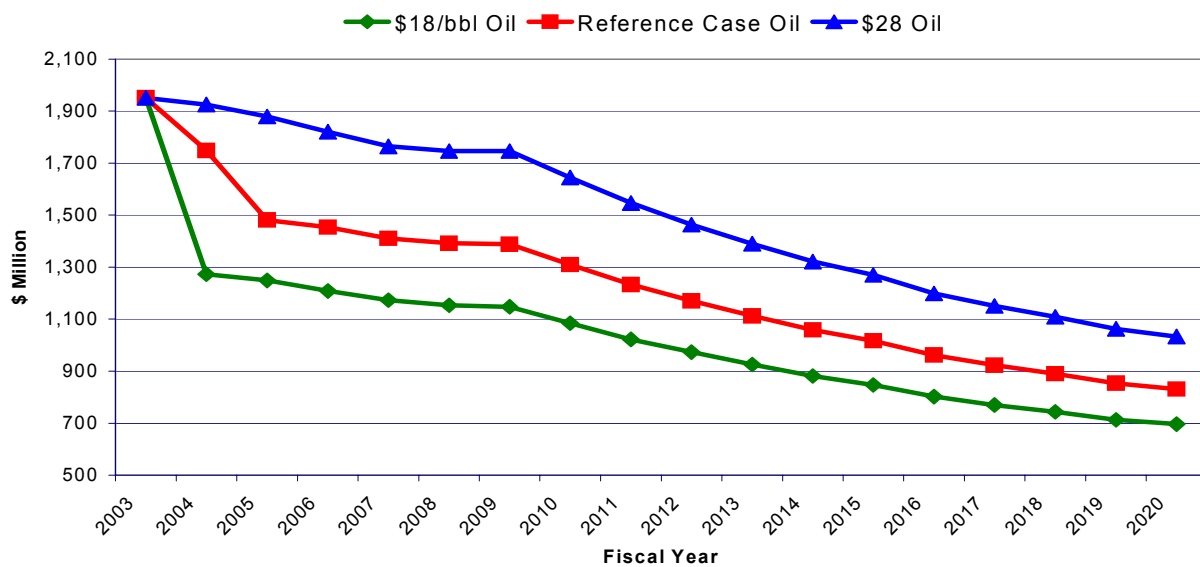
Oil prices one week into the Iraq war fell to around \$26 per barrel following a peak of over \$37 per barrel just before the war began.

The assumptions for our reference case price forecast (the remainder of FY2003 through FY2005) are:

- A relatively quick and successful resolution of the Iraq war, with regime change and mostly undamaged Iraqi oil fields by this summer.
- Saudi Arabia and other OPEC countries will continue to make up production losses from Iraq, and Iraqi production will come back into the market as quickly as possible, probably under the U.N. oil for food program.
- Production from both Venezuela and Nigeria will ramp back up to their current quota levels as civil strife is resolved.
- OPEC, and particularly the Saudis, will continue to manage the volume of oil in the market so prices remain within OPEC’s price target range.

Our reference case projects that oil prices will average over \$28.14 per barrel for FY 2003. As the situation in Iraq stabilizes by late summer we expect oil prices to begin to trend downward as Iraqi production begins to increase back toward its pre-war capacity of 3 million barrels per day. We forecast ANS to average \$25.28 per barrel for FY 2004.

**Figure 12. General Fund Unrestricted Revenue Forecast
Reference Case Compared to \$18 and \$28 Per Barrel Oil
\$ Million**



**Table 13. General Fund Unrestricted Revenue
Reference Case Compared to \$18 and \$28 Per Barrel Oil Price
\$ Million**

FY	\$18/ barrel	Reference Case ⁽¹⁾	\$28/ barrel
2003	1,951.3	1,951.3	1,951.3
2004	1,273.7	1,748.5	1,925.7
2005	1,248.9	1,481.0	1,879.6
2006	1,208.3	1,454.0	1,820.6
2007	1,173.0	1,410.6	1,764.6
2008	1,153.5	1,391.9	1,746.8
2009	1,147.6	1,388.2	1,746.3
2010	1,084.6	1,309.7	1,644.5

(1) See Table 15 for price per barrel at Reference Case.

Current Oil Market Situation.

Alaska North Slope oil prices have been very strong so far in FY 2003, averaging \$28.51 per barrel so far this year. The war premium grew significantly into early March with ANS hitting \$37.48 per barrel on March 12, 2003. With the start of the Iraq war on March 19, oil prices fairly quickly dropped over \$10 per barrel by March 24.

Organization of Petroleum Exporting Countries.

OPEC has continued to ramp up production both in response to speculative concerns about war and to replace barrels lost as a result of the strike in Venezuela and more recently in Nigeria where political violence has reduced production by 800,000 barrels per day. OPEC members are somewhat concerned that current production may be outstripping demand, and that if the global economy continues to stagnate an oil glut may materialize.

Over the longer term we believe that OPEC will continue to demonstrate a commitment to its price range target of \$22 to \$28 per barrel for ANS quality crude oil. This policy has been successfully implemented since April 1999, with OPEC reducing production quotas in total by 5 million barrels per day since January 2001 and reducing actual production by 2.3 million barrels per day.

This forecast assumes in our reference case that OPEC is successful in continuing to manage the price band toward the bottom of its acceptable level.

Table 14. OPEC Output and Capacity
Million Barrels Per Day

	February 2003 Capacity	February 2003 Production	Spare Capacity
Saudi Arabia	10.00	9.40	0.60
Iran	3.60	3.60	0.00
Venezuela	3.00	1.20	1.80
UAE	2.35	2.20	0.15
Nigeria	2.25	2.20	0.05
Kuwait	2.10	1.95	0.15
Libya	1.45	1.35	0.10
Indonesia	1.13	1.08	0.05
Algeria	1.10	1.10	0.00
Qatar	0.75	0.75	0.00
OPEC-10	27.73	24.83	2.90
Iraq	2.80	2.40	0.40
Total OPEC	30.53	27.23	3.30

Source: Middle East Economic Review, March 10, 2003

Alaska North Slope.

ANS prices closely track the price for the OPEC basket of internationally traded crude oils, the benchmark that OPEC uses to gauge the success of its production policy. ANS sells in direct competition with other waterborne crude oils sold at U.S. West Coast destinations. This includes a growing amount of crude oil from OPEC — primarily Saudi Arabia and Iraq.

ANS has a locational advantage over OPEC suppliers since it is the nearest waterborne source of crude oil for West Coast refiners. However, due to the seasonality of the West Coast market, ANS may trade at a premium or a discount relative to competitive crude oils depending on the time of year and OPEC production policy. Currently, the West Coast crude oil market has weakened somewhat at least in part due to lower production of sweet crude oil from Nigeria and a big increase in production from Saudi Arabia and other Middle East producers of sour crude oil. ANS is now selling at a discount to WTI of \$2.15 per barrel, whereas as recently as February the differential was only \$0.35 per barrel. Over time we expect the differential to average \$1.65 per barrel, the historical average.

Other Transportation and Production Costs

Transportation Costs.

The forced replacement of vessels without double hulls with new, more expensive vessels, and the continued use of smaller qualified vessels to replace larger vessels retired by compliance with the Federal Pollution Act of 1990, is likely to increase transportation costs in the future.

Trans-Alaska Pipeline System (TAPS) Tariffs.

The TAPS tariff is determined according to the TAPS Settlement Methodology, a rate-making method approved by the Federal Energy Regulatory Commission that allows the TAPS owners to recover their costs, including an allowance for profit. Under the agreement, future tariffs will be determined by operating cost trends, the production rate and inflation. Negotiations to revisit the TAPS Settlement Method will begin in January 2007.

TAPS tariffs are filed on a calendar year basis, with new tariffs taking effect January 1 each year. The expected tariff filing for calendar year 2003 is \$3.25 per barrel. The Spring 2003 Forecast Assumptions table on the next page contains projected tariffs for FY 2004-2010.

Feeder Pipeline Costs.

Certain additional transportation costs are also incurred to move the various crude oils that comprise ANS from North Slope production fields to Pump Station No. 1 of the Trans-Alaska Pipeline System. These include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil entering the North Slope pipelines as well as market-location differentials for in-state sales. See Table 15.

Wellhead Price.

The combination of ANS wellhead value and production volume by field form the basis for both state production taxes and royalties. The wellhead value by field is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the appropriate destination value. The table on the next page reflects this calculation for FY 2003-2010.

Table 15. Spring 2003 Forecast Assumptions
\$ per barrel

Fiscal Year	ANS West Coast Price	ANS Marine Transportation	TAPS Tariff	Other ⁽¹⁾ Deductions & Adjustments	ANS Wellhead
Actual 2002	21.78	1.80	3.47	(0.29)	16.80
2003 ⁽²⁾	28.14	1.77	3.32	0.21	22.85
2004	25.28	1.82	3.24	0.20	20.02
2005	21.67	1.87	3.31	0.21	16.29
2006	22.00	1.92	3.43	0.22	16.44
2007	22.00	1.97	3.48	0.23	16.33
2008	22.00	2.02	3.47	0.29	16.24
2009	22.00	2.07	3.38	0.37	16.21
2010	22.00	2.12	3.42	0.40	16.09

(1) Other deductions include other pipeline tariffs, quality bank charges, location differentials and amended information.

(2) FY 2003 includes reported information through January 2003.

Oil Production

Our ANS oil production forecast is virtually unchanged from our Fall 2002 projection for FY 2004 through FY 2007.

One issue that makes production forecasting somewhat more difficult is the increased downtime in the newer, high-productivity fields at Alpine and Northstar. In order to keep production costs low and the footprint small, these fields are produced with very little equipment redundancy, so as a result, mechanical disruptions can affect production for the entire field. We continue to monitor this situation and have made adjustments to our production forecast to take this into account.

Beyond FY 2007, we delayed development of discoveries in the NPR-A by two years as the permitting timelines and construction planning have become clearer. We also added 35 million barrels to our projected recovery from the NPR-A. We still expect oil production off the North Slope to average 990,000 barrels per day through the end of the decade.

Table 16. Alaska Oil and NGL Production
Million Barrels per Day

	Actual FY 2002	FY 2003	FY 2004
Prudhoe Bay	0.4873	0.4355	0.4212
Midnight Sun	0.0062	0.0075	0.0050
Polaris	0.0014	0.0026	0.0040
Orion	0.0000	0.0004	0.0049
Aurora	0.0051	0.0075	0.0076
Borealis	0.0133	0.0273	0.0350
Orion	0.0000	0.0007	0.0050
Kuparuk	0.1754	0.1575	0.1563
West Sak	0.0060	0.0067	0.0119
Tabasco	0.0028	0.0036	0.0029
Tarn	0.0273	0.0337	0.0308
Meltwater	0.0032	0.0085	0.0076
Milne Point	0.0404	0.0345	0.0333
Schrader Bluff	0.0117	0.0169	0.0216
Endicott	0.0296	0.0262	0.0307
Eider	0.0017	0.0010	0.0009
Badami	0.0017	0.0012	0.0000
Lisburne	0.0102	0.0096	0.0094
Point McIntyre	0.0454	0.0424	0.0375
Niakuk	0.0191	0.0146	0.0125
Alpine	0.0956	0.0980	0.1000
Northstar	0.0200	0.0587	0.0600
Total	1.0035	0.9938	0.9932
Cook Inlet	0.0293	0.0320	0.0388
Total Alaska	1.0328	1.0257	1.0320

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property — exploration, production and pipeline transportation — is described below.

Exploration Property.

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The raw data for market value is gathered by the state appraiser by reviewing the details of equipment sales, attending auctions and reviewing trade journals. This data is then applied to the taxable property, taking into account age, capacity, physical and functional obsolescence.

Production Property.

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

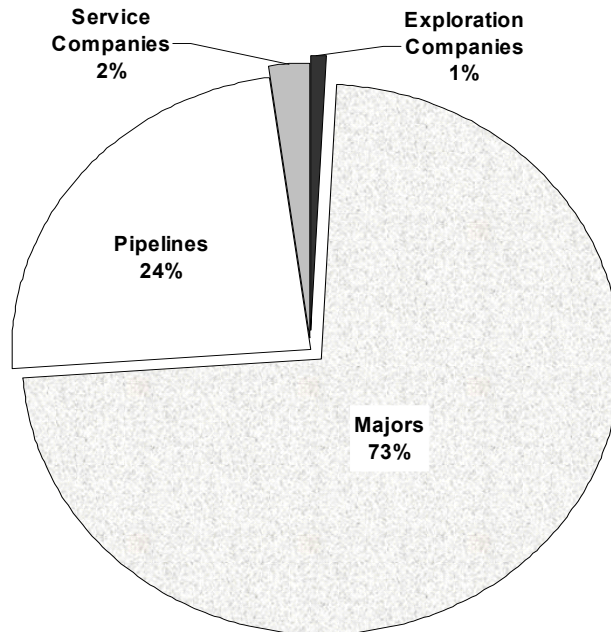
In the case of an offshore oil or gas platform or onshore facility, the number of years of useful life is determined by estimating when the facility would reach its economic limit, not on the basis of the projected physical life of the property. The time period until the estimated operating revenue would equal operating expenses plus the current age of the facility equals the total life. The depreciation factor for the facility equals the years of remaining life *divided* by the total life.

Pipeline Transportation Property.

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. We primarily rely on the income method under which the value is the present worth of all future income streams of the pipeline. Over 95% of pipeline transportation property is accounted for by the Trans-Alaska Pipeline from Prudhoe Bay to Valdez.

The table on the next page illustrates the property tax distribution between local communities and the state for FY 2002. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 43.29.080 and .100. If a municipality has a tax rate of 20 mills or less, the state's mill rate is effectively 20 mills minus the local rate. If the local rate is greater than 20 mills, the state will receive nothing on that property and may receive less on other property belonging to that taxpayer in other jurisdictions.

Figure 13. FY 2002 Assessments by Property Type



**Table 17. FY 2002, Distribution of the Petroleum Property Tax
\$ Million**

Municipalities	Gross Tax	Local Share	State Share
North Slope	210.5	194.7	15.8
Unorganized	27.3	0.0	27.3
Valdez	13.2	13.2	0.0
Kenai	13.2	7.9	5.3
Fairbanks	5.3	4.2	1.1
Anchorage	0.8	0.7	0.1
Other Municipalities ⁽¹⁾	0.2	0.1	0.1
Total	270.4	220.7	49.7

(1) Other municipalities include Matanuska-Susitna, Cordova and Whittier.

Petroleum Corporate Income Tax

A petroleum corporation's Alaska income tax depends on the relative size of its Alaska-vs.-worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning the corporation's worldwide taxable income to Alaska using the average of three factors: the proportion of the corporation's (1) tariffs and sales, (2) oil and gas production, and (3) oil and gas property in Alaska.

We begin our forecast by estimating the statistical relationship between historical collections of tax and the value of Alaska oil production. We then adjust the forecast for carryforwards and refunds. In FY 2003, the carryforward and refund adjustment is over \$70 million. This adjustment is a result of oil companies overpaying their income taxes. As a result of this adjustment, plus low marketing and refining margins, the FY 2003 petroleum corporation income tax projection is relatively low — in spite of projected high oil prices. As margins improve and refunds and carryforwards are used up, revenues should increase in FY 2004.

Restricted Oil Revenue

The table below reflects restricted oil and gas revenue.

A minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. For state oil and gas leases issued after 1980, state statute requires a 50% contribution to the fund. In addition, a state statute also requires a contribution of 0.5% of all royalties and bonuses to the Public School Fund Trust. As explained earlier, settlements with or judgments against the oil industry involving tax and royalty disputes must be deposited in the CBRF.

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A. All such revenue flows into the NPR-A Special Revenue Fund. All of the revenue in the fund each year is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Table 18. Restricted Oil Revenue
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Restricted Oil Revenue			
Royalties to Permanent Fund & Public School Fund			
Royalties to the Permanent Fund	257.7	361.3	325.0
Royalties to the Public School Fund	4.3	6.2	5.2
Subtotal	262.0	367.4	330.3
Settlements to the CBRF	90.2	30.0	20.0
NPR-A Royalties, Rents and Bonuses	1.7	34.8	2.9
Total	353.9	432.2	353.2

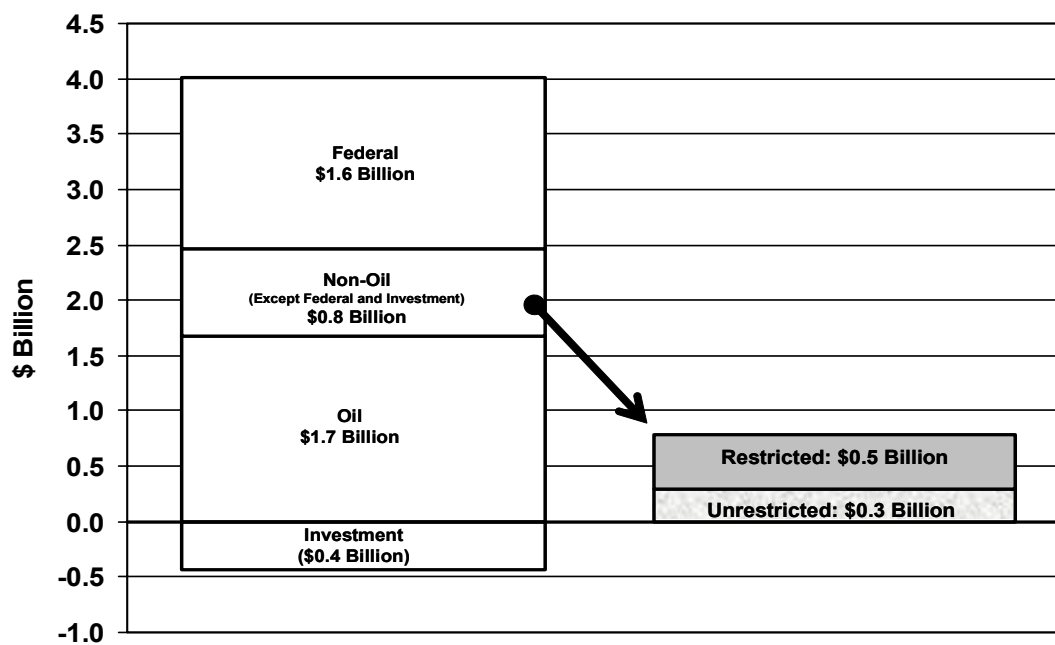
IV. NON-OIL REVENUE (EXCEPT FEDERAL AND INVESTMENT)

Income from sources other than oil and investments includes non-oil taxes, user fees and licenses. Many of these revenue sources are divided between unrestricted and restricted revenues; the amounts of each are reflected in the tables. Restricted revenue includes money deposited in funds other than the Unrestricted General Fund. For purposes of this forecast, restricted revenue also includes receipts that the legislature consistently appropriates or sets aside for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Table 19. Non-Oil Revenue (Except Federal and Investment)
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Taxes	177.6	171.8	177.1
Charges for Services	19.1	11.5	11.5
Fines and Forfeitures	6.6	6.6	6.6
Licenses and Permits	42.2	32.5	33.2
Rents and Royalties	9.3	9.3	9.3
Other	42.3	28.3	27.3
Total Unrestricted	297.1	260.0	265.0
Restricted			
Taxes	57.7	63.7	68.7
Charges for Services	233.8	307.4	304.9
Fines and Forfeitures	29.1	28.5	25.6
Licenses and Permits	25.6	25.9	26.1
Rents and Royalties	2.5	2.5	2.5
Other	139.1	144.1	123.4
Total Restricted	487.8	572.1	551.2
Total	784.9	832.1	816.2

Figure 14. FY 2002 Non-Oil Revenue (Except Federal and Investment)
\$0.8 Billion



Non-Oil Tax

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. On October 1, 2002 per gallon tax rates on alcoholic beverages were increased from \$0.35 to \$1.07 for beer, \$0.85 to \$2.50 for wine and \$5.60 to \$12.80 for liquor. Also, starting October 1, 2002, 50% of the revenue is deposited in the Alcohol and Other Drug Abuse Treatment and Prevention Fund. Because the legislature "may use the annual estimated balance in the fund to make appropriations to the Department of Health and Social Services," this revenue is reflected as restricted in the Revenue Sources Book.

Corporate Income Tax

Corporations that do business in Alaska pay the Corporate Net Income Tax unless they are organized under a special IRS rule (Subchapter S) that generally applies to small, closely held companies. A corporation that does business both inside and outside Alaska must apportion its income to determine how much income it earned here. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor formula based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income. Corporate tax rates are graduated from 1% to 9.4% in \$10,000 increments of Alaska taxable income. The maximum rate of 9.4% applies to income over \$90,000.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative and telephone cooperative taxes dates back to 1959, when the first Alaska Legislature enacted the Electric and Telephone Cooperative Act to promote cooperatives around the state. The Electric Cooperative Tax is based on kilowatt-hours furnished by qualified electric cooperatives recognized under AS 10; the Telephone Cooperative Tax is levied on gross revenue of qualified telephone cooperatives under AS 10. All revenue from the co-op taxes is deposited in the General Fund, but revenue from co-ops located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities.

Estate Tax

This tax is levied on the transfer of an estate upon death. The Alaska estate tax is tied to the federal tax: The amount of the state tax equals the maximum state credit allowed on the estate's federal return. As a result of changes to the federal estate tax, the Alaska estate tax will be phased out by FY 2006. All revenue derived from estate taxes is deposited in the General Fund.

Fisheries Business Tax

The Fisheries Business Tax is the oldest tax in Alaska, dating from 1913. The tax is levied on businesses that process or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is generally based on the value paid to commercial fishers for the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by an on-shore or floating processor. All revenue from the Fisheries Business Tax is deposited in the General Fund, but not all of it is considered unrestricted for the purposes of this forecast. Each year, the legislature appropriates half the revenue from the tax either to the municipality in which the resource was processed, or, when the resource was processed outside a municipality, to the Department of Community and Economic Development to share. Given that this sharing formula is in statute, and that the legislature consistently follows the statutory formula, this forecast considers the shared revenues to be restricted. Fisheries Business Tax revenues declined in FY 2003 (2002 fishing season), mostly as a result of lower salmon values.

Fishery Resource Landing Tax

The Fishery Resource Landing Tax was enacted in 1993. The tax is levied on processed fishery resources first landed in Alaska, and is based on the unprocessed statewide average value of the resource. Fishery Resource Landing Taxes are collected primarily from factory trawlers and floating processors that process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment. Fishery Resource Landing Tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the Fishery Resource Landing Tax is deposited in the General Fund, but, by statute, 50% is available for sharing with municipalities on the same lines as the Fisheries Business Tax. The revenue to be shared is considered restricted.

Insurance Premium Tax

Insurance companies in Alaska do not pay corporate income tax or sales or other excise taxes. Instead, they pay an Insurance Premium Tax. Receipts from this tax are deposited in the General Fund. However, receipts from the Insurance Premium Tax that are accounted for in the "Workers Safety and Compensation Fund" are shown as restricted.

Mining License Tax

This tax is on the net income of mining property in the state, ranging from 0% to 7%, less exploration and other credits. Except for sand and gravel operations, new mining operations are exempt from the Mining License Tax for a period of 3½ years after production begins. The production value of minerals decreased from 2000 levels by 6.5% in 2001 to \$0.9 billion, mostly due to the decreased value of zinc. Although in 2002 the price of gold has increased by almost 15%, zinc prices have decreased by more than 12%.

Motor Fuel Tax

The Motor Fuel Tax dates back to 1945 when a tax of 1¢ per gallon was imposed on all motor fuel. The Motor Fuel Tax is levied on motor fuel sold, transferred or used within Alaska. Motor Fuel Taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Current per gallon rates are 8¢ for highway use, 5¢ for marine use, 4.7¢ for aviation gasoline, 3.2¢ for jet fuel, and a variable rate of 8¢/2¢, depending on the season, for gasohol. Various uses of fuel are exempt from tax, including fuel used for heating or in flights to or from a foreign country. All revenue derived from Motor Fuel Taxes is deposited in the General Fund, but 60% of taxes attributable to aviation fuel sales at municipal airports are shared with the respective municipalities, and hence considered restricted for purposes of this forecast.

Seafood Assessments and Taxes

The Department of Revenue administers several different programs that raise money through seafood assessments. The money raised is then set aside for the legislature to appropriate for the benefit of the seafood industry — either in marketing or in management/development of the industry. The four programs are the Salmon Marketing Tax, Seafood Marketing Assessment, Salmon Enhancement Tax and Dive Fishery Management Assessment. The rates for many of these assessments are actually determined by a vote of the appropriate association within the seafood industry. Although all revenue received under these assessments is deposited in the General Fund, for purposes of this forecast it is treated as restricted revenue. With the exception of the Salmon Enhancement Tax, all other seafood assessments are reflected under the Charges for Services section.

Tobacco Tax

The Tobacco Tax dates back to 1949, when a tax of 3 cents per pack of cigarettes and 2 cents per ounce of tobacco was enacted. The Tobacco Tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco Taxes are collected primarily from licensed wholesalers and distributors. The tax rate on cigarettes is \$1 per pack of 20 cigarettes. The tax rate on other tobacco products — such as cigars and chewing tobacco — is 75% of the wholesale price. Seventy-six percent of cigarette tax revenue is deposited in the School Fund; 24% in the General Fund. All tobacco products tax revenue is deposited in the General Fund; all cigarette and tobacco products license fees are deposited in the School Fund. Revenue deposited in the School Fund is dedicated to the rehabilitation, construction, repair and insurance costs of school facilities. The decrease in cigarette tax revenue is due to a decline in taxable cigarette sales. The increase in other tobacco products revenue is due to the growth in the wholesale value of other tobacco products.

Charitable Gaming

Under Alaska law, municipalities and qualified non-profit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee, and a 3% pull-tab tax.

Table 20. Non-Oil Tax
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Sales and Use Tax			
Alcoholic Beverage	12.9	12.6	15.3
Cigarette	9.5	9.3	9.1
Other Tobacco Product	6.0	6.6	6.9
Insurance Premium	34.1	37.4	39.2
Electric and Telephone Cooperative	0.1	0.1	0.1
Motor Fuel	40.2	36.1	37.5
Subtotal	102.8	102.1	108.1
 Corporation Income Tax	 53.4	 50.0	 50.0
 Fish Tax			
Fisheries Business	12.7	11.1	11.1
Fishery Resource Landing	2.6	3.5	3.5
Subtotal	15.3	14.6	14.6
 Other			
Mining	0.5	0.5	0.5
Estate	3.1	2.1	1.4
Charitable Gaming	2.5	2.5	2.5
Subtotal	6.1	5.1	4.4
Total Unrestricted	177.6	171.8	177.1
 Restricted			
Sales and Use Tax			
Alcoholic Beverage (Alcohol & Drug Treatment)	0.0	9.7	15.3
Insurance Premium (Workers Safety & Compensation)	3.2	3.0	3.0
Electric and Telephone Cooperative (Municipal Share)	3.1	3.6	3.6
Cigarette (School Fund)	30.3	29.6	29.0
Motor Fuel - Aviation (Municipal Share)	0.2	0.2	0.2
Subtotal	36.8	46.1	51.1
 Fish Tax			
Fisheries Business (Municipal Share)	12.6	11.1	11.1
Fishery Resource Landing (Municipal Share)	4.6	4.1	4.1
Salmon Enhancement (Aquaculture Assoc. Share)	3.7	2.4	2.4
Subtotal	20.9	17.6	17.6
Total Restricted	57.7	63.7	68.7
 Grand Total	 235.3	 235.5	 245.8

Charges for Services

The charges for services reported in the next table do not include all charges for state services — it just reflects those that do not fit into other categories in this report. Most of these receipts are restricted revenue because they are returned to the program from which they came.

The only unrestricted revenue listed under charges for services in this report comes from fees and other program charges that do not have program receipt designations, or are not otherwise segregated and appropriated back to the program.

Marine Highway Fund

The revenue from certain transportation enterprises is reported here as a charge for state services. The Alaska Marine Highway Fund is in the General Fund and receives the revenue from operations of the state ferry system. The legislature has discretion over how the revenue is spent but, because it is customarily spent on Alaska Marine Highway operations, it is considered restricted.

Program Receipts

The definition of program receipts under AS 37.05.146 is "fees, charges, income earned on assets and other state money received by a state agency in connection with the performance of its functions." The statute then lists out all programs with program receipt authority. The statutory list includes many programs that are not included in Charges for Services because they are elsewhere in this forecast — such as federal receipts, trust funds and the Permanent Fund — or not state money, such as the public employee retirement funds. The table on the next page lists some of the larger individual programs and the receipts from those programs.

The largest of these is state airport revenue from landing and other fees, rents and the sale of aviation fuel. This is deposited in the International Airport Fund, which is an enterprise fund that the legislature traditionally appropriates only for air transportation purposes.

"Statutorily Designated" program receipts are those receipts from contracts, grants, gifts or bequests. The remaining program receipts are included under "Receipt Supported Services." Those not listed separately, or not described elsewhere in this forecast, are included in the catchall "Other."

Table 21. Charges for Services
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
General Government	16.0	8.9	8.9
Natural Resources	1.9	1.4	1.4
Other	1.2	1.2	1.2
Total Unrestricted	19.1	11.5	11.5
Restricted			
General Government	1.1	1.1	1.1
Natural Resources	0.1	0.1	0.1
Marine Highway Receipts ⁽¹⁾	32.2	41.5	42.5
Statutorily Designated ⁽²⁾	55.9	98.8	102.6
Airport Receipts	72.6	74.0	74.0
Receipt Supported Services ⁽²⁾	71.9	91.9	84.6
Total Restricted	233.8	307.4	304.9
Grand Total	252.9	318.9	316.4

(1) In FY 2002, actual revenue was \$39.5 million. However, \$7.3 million was moved to prior year accrual in FY 2003 as a result of changes in accounting practices.

(2) FY 2003 and FY 2004 estimates of receipt supported services and statutorily designated program receipts were provided by the Office of Management and Budget.

Fines and Forfeitures

This category includes civil and criminal fines and forfeitures, and money received by the state from the settlement of various civil lawsuits. The majority of the receipts under this category are from tobacco litigation and other settlements.

Tobacco Settlement

The tobacco settlement was signed by 46 states (including Alaska) in November 1998. The first payment from the settlement was made in FY 2000. In 2000 and 2001, the legislature authorized the sale of 80% of the future revenue stream from the tobacco settlement to a new public corporation, the Northern Tobacco Securitization Corporation, a subsidiary of the Alaska Housing Finance Corporation. The new corporation, in turn, sold bonds based on this revenue stream, and paid to the state the money raised by the bond sale, which the legislature appropriated for schools, the university and harbor projects. Starting in FY 2002, the remaining 20% of the settlement revenue each year will be deposited into the new Tobacco Use Education and Cessation Fund. We also show the 80% that goes directly to the Northern Tobacco Securitization Corporation for payment of the bonds.

Table 22. Fines and Forfeitures
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Other Settlements	0.8	0.8	0.8
Other Fines and Forfeitures	5.8	5.8	5.8
Total Unrestricted	6.6	6.6	6.6
Restricted			
Mitigation Accounts	4.2	4.2	4.2
Tobacco Settlement (Northern Tobacco Securitization Corp.) ⁽¹⁾	19.9	19.4	17.1
Tobacco Settlement (Tobacco Use Education & Cessation Fund) ⁽¹⁾	5.0	4.9	4.3
Total Restricted	29.1	28.5	25.6
Grand Total	35.7	35.1	32.2

(1) Assumes that all participating manufacturers make their payments in full.

Licenses and Permits

Licenses and permits represent another source of government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees.

Fishing and Hunting Licenses Fees

The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes.

Motor Vehicle Registration Fees

Most motor vehicle registration fees are unrestricted license and permit revenue. However some registration fees are reflected under restricted receipt supported services.

Table 23. Licenses and Permits
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Motor Vehicle	35.7	29.8	30.5
Other Fees	6.5	2.7	2.7
Total Unrestricted	42.2	32.5	33.2
Restricted			
Fishing and Hunting			
Hunting and Fishing Fees (Fish and Game Fund)	23.3	23.5	23.7
Sanctuary Fees (Fish and Game Fund)	0.1	0.1	0.1
Subtotal	23.4	23.6	23.8
Other Fees (Clean Air Protection Fund)	2.2	2.3	2.3
Total Restricted	25.6	25.9	26.1
Grand Total	67.8	58.4	59.3

Rents and Royalties

The majority of the unrestricted receipts under this category are from leasing, rental and sale of state land. Although certain restricted receipts go to the Permanent Fund, Mental Health Trust Fund and Public School Trust Fund, these are treated elsewhere.

Table 24. Rents and Royalties
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Land Leasing, Rental and Sale	8.3	8.3	8.3
Coal Royalties	0.6	0.6	0.6
Timber Sales	0.2	0.2	0.2
Cabin Rentals	0.2	0.2	0.2
Total Unrestricted	9.3	9.3	9.3
Restricted			
Land Leasing, Rental and Sale	2.5	2.5	2.5
Total Restricted	2.5	2.5	2.5
Grand Total	11.8	11.8	11.8

Other

This category includes unrestricted contributions, unclaimed property and miscellaneous other receipts.

Public Corporation Dividends

The public corporations of the state listed in this section have been capitalized with state money, which the corporations use for purposes — usually loans — related to their mission. The dividend listed in the next table is treated as restricted revenue.

Unclaimed Property

Under the unclaimed property statutes, a person holding abandoned property belonging to someone else must turn the property over to the state, which holds the property in trust until claimed by its rightful owner. Most unclaimed property is in the form of cash (checking and savings accounts), stocks and bonds (including dividends) and safe-deposit box contents. Other property includes utility deposits, traveler checks and wages. Because not all unclaimed property owners are located, amounts received from holders exceed the refunds to owners. The Treasury Division maintains a minimum balance in the trust account and periodically transfers excess funds to the General Fund. Unclaimed property receipts for FY 2002 are far greater than in any other year because of a very large settlement of an unclaimed property dispute with Bank of America.

Table 25. Other Non-Oil Revenue
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
Miscellaneous	27.3	24.3	24.3
Unclaimed Property	15.0	4.0	3.0
Total Unrestricted	42.3	28.3	27.3
Restricted			
Miscellaneous	14.0	14.0	14.0
Dividends from Public Corporations			
Alaska Housing Finance	103.0	103.0	103.0
Alaska Industrial Development & Export Authority	17.5	20.1	0.0
Alaska Student Loan Corporation	4.0	5.3	5.0
Alaska Municipal Bond Bank	0.6	1.7	1.4
Subtotal	125.1	130.1	109.4
Total Restricted	139.1	144.1	123.4
Grand Total	181.4	172.4	150.7

V. FEDERAL REVENUE

Federal government spending has figured prominently in Alaska's history and is still a major force today, in spite of the maturing and diversification of Alaska's economy. In the latest fiscal year for which we have records, federal spending was \$6.4 billion (see Table 27 on Page 55). Part of that spending comes from the activities of the various agencies of the federal government, part is in the form of grants to state and local governments, and still another part is payments to individuals.

Table 26. Total Federal Revenue to the State
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	Budgeted	
		FY 2003	FY 2004
Restricted Federal Receipts	1,552.7	2,429.9	2,497.3
Total Restricted	1,552.7	2,429.9	2,497.3

Source: Office of Management and Budget

Figure 15. FY 2002 Federal Revenue
\$1.6 Billion

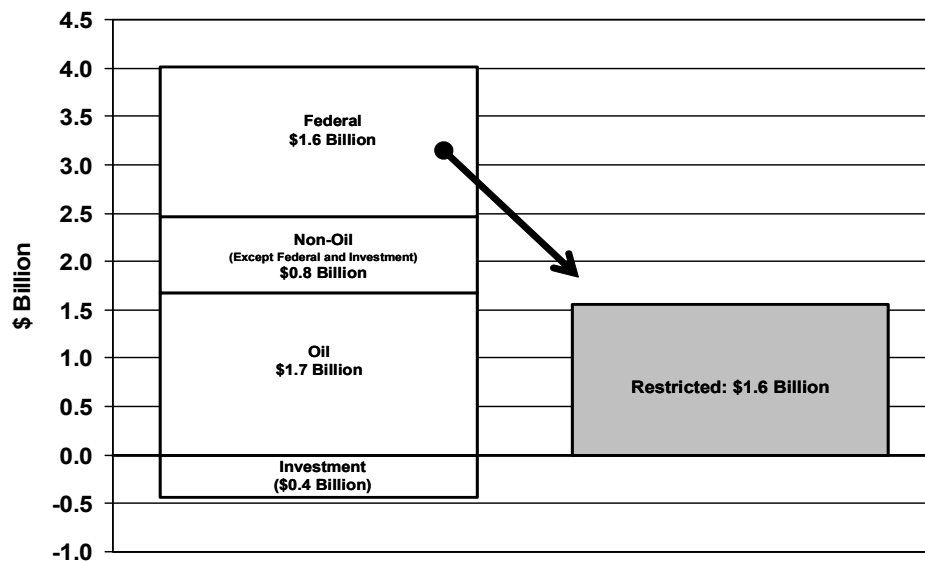


Figure 16. FFY 2001: Federal Spending Per Capita — Top Six States

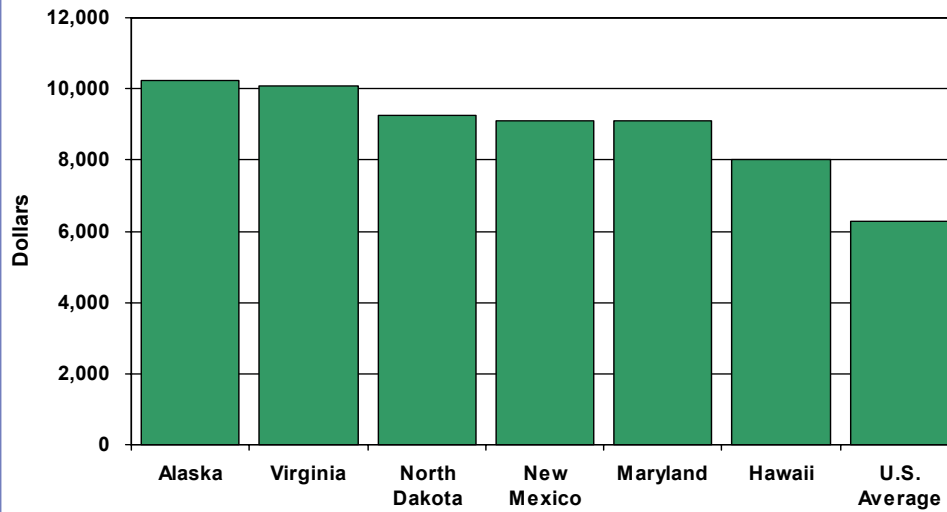


Figure 17. Annual Federal Spending Increase, Alaska and Total U.S.

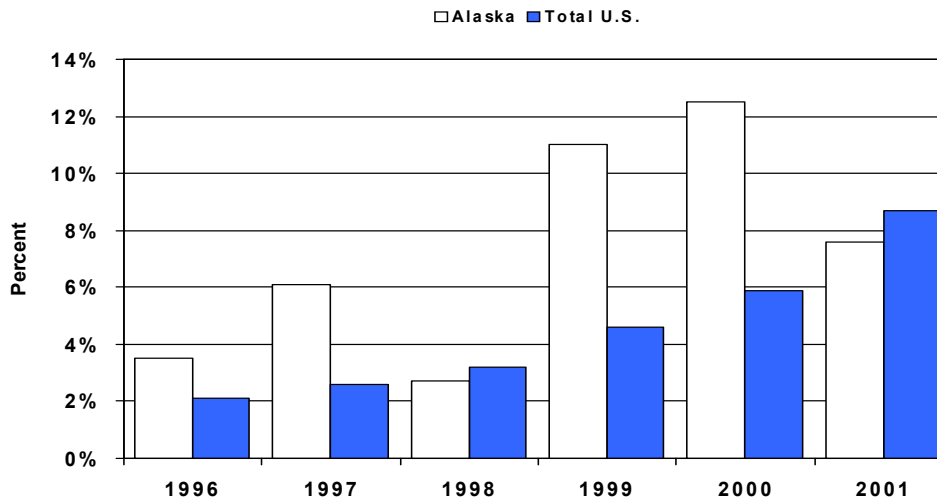
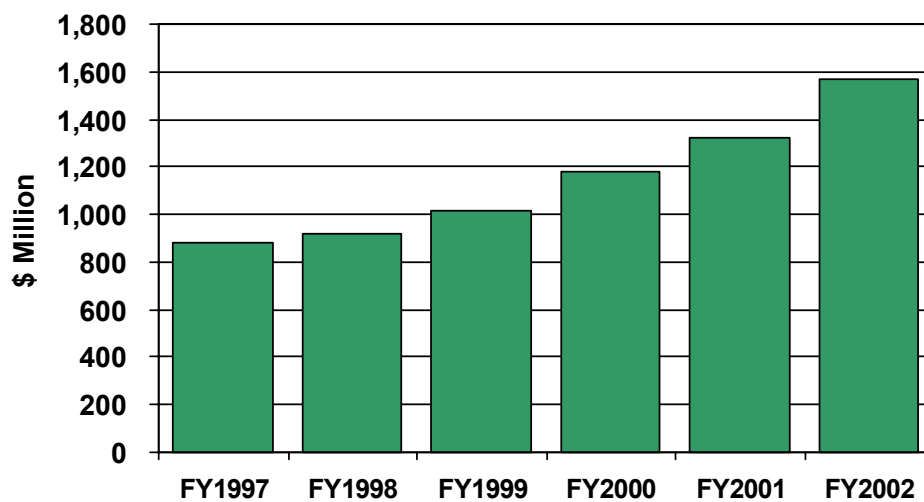


Table 27. Total Federal Spending, FFY 2001
\$ Million

	By Agency			By Category	
	\$Million	Percent		\$Million	Percent
Defense	1,778	28	Grants	2,313	36
Health & Human Services	1,177	18	Salaries & Wages	1,414	22
Social Security	573	9	Procurement	1,130	18
Other Agencies	2,875	45	Retirement & Disability	936	15
			Other Direct Payments	610	10
Total	6,403	100		6,403	100

Figure 18. Federal Dollars Received by the State ⁽¹⁾



(1) State fiscal year.

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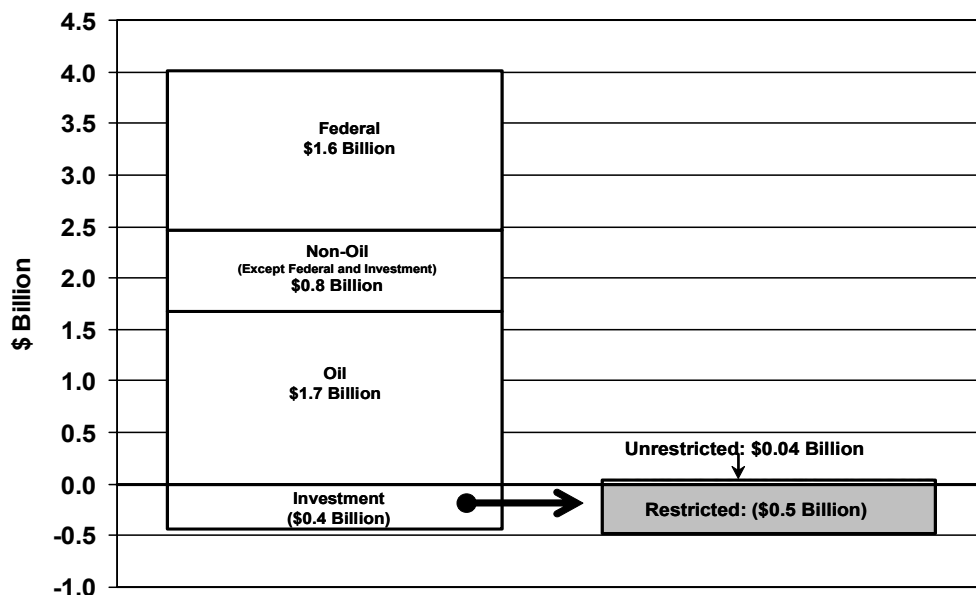
VI. INVESTMENT REVENUE

Table 28. Total Investment Revenue
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
GeFONSI Pool Investments	35.4	32.3	12.0
Investment Loss Trust Fund	0.1	0.1	0.1
Interest Paid by Others	7.6	2.0	2.0
Subtotal	43.1	34.4	14.1
Restricted			
GeFONSI Pool Investments	10.6	9.8	3.6
Constitutional Budget Reserve Fund	122.3	102.3	63.6
Other Treasury Managed Funds	(0.8)	9.5	30.8
Alaska Permanent Fund (GASB) ⁽¹⁾	(617.0)	(750.3)	1,631.6
Subtotal	(484.9)	(628.7)	1,729.6
Total	(441.8)	(594.3)	1,743.7

(1) Governmental Accounting Standards Board (GASB) principles recognize changes in the value of investments as income or losses at the end of each trading day, whether or not the investment is actually sold.

Figure 19. FY 2002 Investment Revenue
(\$0.4 Billion)



Investment Forecast

To forecast investment revenue for the current fiscal year — FY 2003 — we combine each fund's actual performance through February 28 with a projection for the rest of the year. Normally, forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant Callan Associates Inc. and its “Five-Year Capital Market Estimated Returns” (see the table below).

Table 29. Callan Associates Inc. 2003 Five-Year Capital Market Estimated Returns

Asset Class	Benchmark for Asset Class	%/ Year Median Expected Return	%/ Year Expected Risk
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad Market	9.0	17.3
U.S. Large Cap	Standard and Poors (S&P) 500	8.7	16.2
U.S. Small Cap	CAI Small	10.3	25.0
International	Morgan Stanley Capital International EAFE	9.6	21.5
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	4.75	4.5
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	3.0	0.7
Domestic Intermediate Term	Merrill Lynch 1- to 5-Year Government	4.0	3.15
International	Salomon Brothers Non-U.S. Government	4.65	9.6
Other			
Real Estate		7.6	16.5
Economic Variables			
Inflation		2.6	2.6

The continued volatility in the world's financial markets makes focus on the expected risk columns in the table above particularly appropriate. The numbers in this column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation allows you to estimate a range in which you would expect results to fall two-thirds of the time. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 4.75% and an expected risk for that asset class of 4.5%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.25% (the median expected average annual return of 4.75% *minus* the expected risk of 4.5%) and 9.25% (the median expected return *plus* the expected risk).

The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio. The investment income summary tables in this section of the revenue forecast include an estimate of the probability of negative returns for each fund over a one-year period.

Given current market conditions, however, Callan Associates Inc. assumptions for projected fixed-income returns from last January are too optimistic. For the General Fund and Other Non-Segregated Investments (GeFONSI), the Constitutional Budget Reserve Fund (CBRF) Regular Account, International Airport and International Airport Construction Funds, we are substituting the current yields-to-maturity of the relevant asset classes. This lowers projected income from the income derived from Callans assumptions. (See comparison table below.)

We have continued to use Callan's Five-Year Market assumptions for the Constitutional Budget Reserve Fund (CBRF) Special Subaccount, Public School Trust Fund, Alaska Children's Trust and the Power Cost Equalization Endowment.

Table 30. Callan Associates Inc. Capital Market Returns vs. Current Yield to Maturity

Asset Class	Benchmark for Asset Class	% per year Callan Associates Inc.	% per year Current Yield Expected to Maturity
Fixed Income			
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	3.0	1.14
Domestic Intermediate Term	Merrill Lynch 1- to 5-Year Government	4.0	1.946
Domestic Broad Market (Long Term)	Lehman Brothers Aggregate	4.8	4.12

(1) Yield as of March 19, 2003.

Unrestricted Investment Revenue

Table 31. Unrestricted Investment Revenue
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Unrestricted			
GeFONSI Pool Investments	35.4	32.3	12.0
Investment Loss Trust Fund	0.1	0.1	0.1
Interest Paid by Others	7.6	2.0	2.0
Total	43.1	34.4	14.1

Table 32. GeFONSI Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004

Asset Allocation		
Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	38%	Three-Month U.S. Treasury Bill
Intermediate-Term, Fixed-Income Pool	62%	Merrill Lynch 1- to 5-Year Government Index
GeFONSI Pool Balance February 28, 2003		\$1,106.0 Million
Projected Annual Rate of Return		1.64 %
Probability of Negative Return Over 1 Year		3.86 %
Actual Total Investment Income, FY 2002		\$ 46.0 Million
Projected Total Investment Income, FY 2003		\$ 42.1 Million
Projected Total Investment Income, FY 2004		\$ 15.6 Million

\$ Million			
	Actual FY 2002	FY 2003	FY 2004
GeFONSI Pool Revenue into General Fund ⁽¹⁾	35.4	32.3	12.0
GeFONSI Pool Revenue Restricted	10.6	9.8	3.6
Total	46.0	42.1	15.6
(1) Includes subfunds of the General Fund.			

Table 33. Investment Loss Trust Fund Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004

Asset Allocation		
Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	100%	U.S. Treasury Bill
Investment Loss Trust Fund Balance February 28, 2003		\$10.0 Million
Projected Annual Rate of Return		3.0 %
Probability of Negative Return Over 1 Year		0.0 %

Total Return (\$ Million)			
	Actual FY 2002	FY 2003	FY 2004
Investment Loss Trust Fund	0.1	0.1	0.1

Restricted Investment Revenue

Table 34. Restricted Investment Revenue
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Restricted			
GeFONSI Pool Investments	10.6	9.8	3.6
Constitutional Budget Reserve Fund	122.3	103.5	67.2
Other Treasury Managed Funds	(0.8)	9.5	30.8
Alaska Permanent Fund (GASB) ⁽¹⁾	(617.0)	(750.3)	1,631.6
Total	(484.9)	(627.2)	1,733.2

(1) Governmental Accounting Standards Board (GASB) principles recognize changes in the value of investments as income or losses at the end of each trading day, whether or not the investment is actually sold.

Table 35. CBRF Investment Revenue Summary
Actual FY 2002 and Projected, FY 2003-2004

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	10%	Three-Month U.S. Treasury Bill
Intermediate-term, Fixed-Income Pool	65%	Merrill Lynch 1- to 5-Year Government Index
Broad Market Fixed-Income Pool	25%	Lehman Brothers Aggregate Bond Index
Regular Account Balance February 28, 2003		\$1,597.3 Million
Projected Annual Rate of Return		2.41 %
Probability of Negative Return Over 1 Year		4.50 %

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	42%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	41%	Russell 3000 Index
International Equity Pool	17%	MSCI EAFE Index
Special Subaccount Balance February 28, 2003		\$ 337.6 Million
Projected Annual Rate of Return		7.32 %
Probability of Negative Return Over 1 Year		24.69 %

Total Investment Income (\$Million)			
	Actual FY 2002	FY 2003	FY 2004
Regular Account	143.4	111.3	37.4
Special Subaccount	(21.1)	(9.0)	26.2
Total	122.3	102.3	63.6

Table 36. Constitutional Budget Reserve Fund Cash Flows
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Beginning Cash Balance CBRF	2,994.8	2,469.3	2,081.7
Beginning Main Account Balance	2,618.8	2,114.4	1,735.8
Earnings on Main Account Balance ⁽¹⁾	143.4	111.3	37.4
Petroleum Tax, Royalty Settlements ⁽²⁾	90.2	30.0	20.0
Loan to GF (prior year)	0.0	0.0	0.0
Loan to GF (current year) ⁽³⁾	(738.0)	(519.9)	(460.7)
Payback of Cash Flow Draw	0.0	0.0	0.0
Ending Main Account Balance	2,114.4	1,735.8	1,332.5
Beginning Special Subaccount Balance	376.0	354.9	345.9
Earnings on Special Subaccount Balance ⁽¹⁾	(21.1)	(9.0)	26.2
Loan to GF from Special Subaccount	0.0	0.0	0.0
Ending Special Subaccount Balance	354.9	345.9	372.1
Total CBRF Balance	2,469.3	2,081.7	1,704.6

(1) The projected earnings rate for FY 2003 and 2004 is 2.41% for the Main Account and 7.32% for the Special Subaccount. The Main Account projections are based on current yields-to-maturity of the relevant asset class. The Special Subaccount projections are based on Callan's capital market assumptions. Both projections use the Department of Revenue, Treasury Division's asset allocation.

(2) Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

(3) The FY 2002 draw is based on the audited cash balance in the CBRF as of February 28, 2003. FY 2003 CBRF draw projections are provided by the Office of Management and Budget (OMB) and do not represent final budget numbers. The estimated future loan figures are slightly different than those found in Table 9. Table 9 was based on flat budget projections while OMB's estimate in this table is based on the assumption that certain portions of the budget will change with population.

**Table 37. International Airport Revenue Fund Investment Revenue Summary
Actual 2002 and Projected 2003-2004**

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	15%	Three-Month U.S. Treasury Bill
Intermediate-term, Fixed-Income Pool	85%	Merrill Lynch 1- to 5-Year Government Index
International Airport Revenue Fund Balance February 28, 2003		\$ 108.4 Million
Projected Annual Rate of Return		1.83 %
Probability of Negative Return Over 1 Year		25.04 %

Total Investment Income (\$ Million)			
	Actual FY 2002	FY 2003	FY 2004
International Airport Revenue Fund	5.5	5.4	2.0

**Table 38. International Airport Construction Fund (1999 Issues) Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004**

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	100%	Three-Month U.S. Treasury Bill
International Airport Construction Fund Balance February 28, 2003		\$ 102.0 Million
Projected Annual Rate of Return		1.14 %
Probability of Negative Return Over 1 Year		5.17 %

Total Investment Income (\$ Million)			
	Actual FY 2002	FY 2003	FY 2004
International Airport Construction Fund	7.2	4.3	0.7

Table 39. International Airport Construction Fund (2002 Issues) Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	50%	Three-Month U.S. Treasury Bill
Intermediate-term, Fixed-Income Pool	50%	Merrill Lynch 1- to 5-Year Government Index

International Airport Construction Fund Balance February 28, 2003 \$ 112.0 Million

Projected Annual Rate of Return 1.54 %

Probability of Negative Return Over 1 Year 18.38 %

Total Investment Income (\$ Million)

	Actual FY 2002	FY 2003	FY 2004
International Airport Construction Fund	1.7	4.3	0.2

Table 40. Public School Trust Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	55%	Lehman Brothers Aggregate Index
Domestic Equity Pool	45%	Russell 3000 Index

Public School Trust Fund Balance February 28, 2003 \$ 268.3 Million

Projected Annual Rate of Return 6.66 %

Probability of Negative Return Over 1 Year 22.29 %

**Total Investment Income and
Distributable Income (\$ Million)**

	Actual FY 2002	FY 2003	FY 2004
Public School Trust Total Investment Income	(9.2)	1.6	16.9
Public School Trust Distributable Income	10.6	9.1	8.7

Table 41. Alaska Children's Trust Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	55%	Lehman Brothers Aggregate Index
Domestic Equity Pool	45%	Russell 3000 Index
Alaska Children's Trust Balance February 28, 2003		\$ 8.7 Million
Projected Annual Rate of Return		6.66 %
Probability of Negative Return Over 1 Year		22.29 %

Total Investment Income and Distributable Income (\$ Million)			
	Actual FY 2002	FY 2003	FY 2004
Alaska Children's Trust Total Investment Income	(0.3)	0.0	0.6
Alaska Children's Trust Distributable Income	0.4	0.3	0.3

**Table 42. Power Cost Equalization Endowment Investment Revenue Summary
Actual FY 2002 and Projected FY 2003-2004**

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	42%	Lehman Brothers Aggregate Index
Domestic Equity Pool	41%	Russell 3000 Index
International Equity Pool	17%	MSCI EAFE Index

Power Cost Equalization Endowment Balance February 28, 2003	\$ 150.7 Million
Projected Annual Rate of Return	7.32 %
Probability of Negative Return Over 1 Year	24.69 %

	Total Return and Distributable Funds (\$ Million)		
	Actual FY 2002	FY 2003	FY 2004
Power Cost Equalization Endowment Total Return	(5.7)	(6.1)	10.4
Power Cost Equalization Endowment Distributable Funds	7.1	12.8	12.6

**Table 43. Four Endowment Trust Funds Managed by the
Permanent Fund Corporation Revenue Summary**

Asset Allocation

Asset Class	Percent Allocation
Domestic Equities	37%
International Equities	16%
Domestic Fixed Income	35%
International Fixed Income	2%
Real Estate	10%

Projected Annual Rate of Return	7.95 %
Probability of Negative Return Over 1 Year	23.5 %

Table 44. Alaska Permanent Fund ⁽¹⁾
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Principal			
Beginning Balance	21,047.6	21,884.2	22,450.1
Dedicated Petroleum Revenue	257.7	361.2	325.0
Inflation Proofing	602.3	204.7 ⁽³⁾	592.3
Deposits to Principal (Settlement Earnings)	(23.4)	0.0	5.9
End-of-Year Balance	21,884.2	22,450.1	23,373.2
Earnings and Earnings Reserve Account (Statutory Income) ⁽²⁾			
Earning Reserve Account (ERA) Beginning Balance	2,383.7	1,135.7	520.4
Statutory Net Income and Settlement Earnings	261.3	275.4	872.8
Dividend Payout	(925.8)	(682.0)	(507.0)
Inflation Proofing	(602.3)	(204.7) ⁽³⁾	(592.3)
Deposits to Principal	23.4	0.0	0.0
Other Appropriations	(4.5)	(4.0)	(4.0)
ERA End-of-Year Balance (Statutory)	1,135.7	520.4	290.0
Earnings and Earnings Reserve Account (GASB Income) ⁽²⁾			
ERA Beginning Balance	3,767.3	1,641.0	0.0
GASB Net Income	(617.0)	(750.3)	1,631.6
Dividend Payout	(925.8)	(682.0)	(507.0)
Inflation Proofing	(602.3)	(204.7) ⁽³⁾	(592.3)
Deposits to Principal	23.4	0.0	(5.9)
Other Appropriations	(4.5)	(4.0)	(4.0)
ERA End-of-Year Balance (GASB)	1,641.0	0.0	522.5
Market Value			
Principal End-of-Year Balance	21,884.2	22,450.1	23,373.2
ERA End-of-Year Balance (Statutory Income)	1,135.7	520.4	290.0
End-of-Year Unrealized Earnings	503.3	(520.4)	232.6
Dividends Payable and Other Liabilities	930.4	686.0	511.0
End-of-Year Balance (Total Asset Market Value)	24,455.6	23,136.1	24,406.8
Reconciliation			
Dividends Payable and Other Liabilities	(930.4)	(686.0)	(511.0)
End-of-Year Balance (Net Asset Market Value)	23,525.2	22,450.0	23,895.8

(1) Source: Permanent Fund Corporation data using February 28, 2003, financial statements. Income projections are based on Callan Associates, Inc. 2003 capital market assumptions: 7.4% total return for FY 2004.

(2) Alternative measures of income. Under GASB principles, daily gains or losses in investment value are recognized. Under statutory net income, gains or losses in investment value are not recognized until the investment is sold.

(3) FY 2003 inflation-proofing is estimated at \$351 million but is limited by the total Earnings Reserve Account. Based on these projections, inflation-proofing would be shortfunded by about \$146 million in FY 2003.

Table 45. Mental Health Trust Fund ⁽¹⁾
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004
Principal			
Beginning Balance	261.9	271.4	274.6
Deposits to Principal	9.5	3.2	3.8
End-of-Year Balance	271.4	274.6	278.4
Earnings and Principal Reserve Account (Statutory Income) ⁽²⁾			
Principal Reserve Account (PRA) Beginning Balance	56.3	53.2	46.0
Statutory Net Income	3.2	3.3	11.1
Distributions	(6.3)	(10.5)	(10.0)
PRA End-of-Year Balance (Statutory)	53.2	46.0	47.1
Earnings and Principal Reserve Account (GASB Income) ⁽²⁾			
PRA Beginning Balance	44.5	31.5	11.8
GASB Net Income	(6.6)	(9.2)	20.7
Distributions	(6.3)	(10.5)	(10.0)
PRA End-of-Year Balance (GASB)	31.5	11.8	22.5
Total Liabilities and Fund Balance			
Principal End-of-Year Balance	271.4	274.6	278.4
PRA End-of-Year Balance (Statutory Income)	53.2	46.0	47.1
End-of-Year Unrealized Earnings	(21.7)	(34.1)	(24.6)
Other Liabilities	0.0	0.0	0.0
End-of-Year Balance (Total Asset Market Value)	303.0	286.5	301.0
Reconciliation			
Other Liabilities	0.0	0.0	0.0
End-of-Year Balance (Net Asset Market Value)	303.0	286.5	301.1

(1) Source: Alaska Mental Health Trust Fund estimates using February 28, 2003, financial statements. Income projections are based on Callan Associates, Inc. 2003 capital market assumptions: 7.4% total return for FY 2004. Projected contributions are actual year-to-date amounts for current year and zero for all future years. End-of-year other liabilities balance is projected at zero for current and all future years.

(2) Alternative measures of income. Under GASB principles, daily gains or losses in investment value are recognized. Under statutory net income, gains or losses in investment value are not recognized until the investment is sold.

Table 46. Alaska Science and Technology Endowment ⁽¹⁾
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004 ⁽²⁾
Market Value			
Beginning-of-Year Balance (Market Value)	106.7	101.0	0.0
Transfers In	0.1	0.0	0.0
Transfers Out	(3.4)	(7.3)	0.0
Net Investment Gain/ (Loss)	(2.3)	(3.1)	0.0
End-of-Year Balance	101.0	90.6	0.0

(1) Source: Alaska Science and Technology Endowment estimates using February 28, 2003, financial statements. Income projections are based on Callan Associates, Inc. 2003 capital market assumptions: 7.4% total return for FY 2004. Projected contributions are actual year-to-date amounts for current year and zero for all future years.

(2) The governor proposes to eliminate the Alaska Science and Technology Foundation.

Table 47. International Trade and Business Endowment ⁽¹⁾
Actual FY 2002 and Projected FY 2003-2004
\$ Million

	Actual FY 2002	FY 2003	FY 2004 ⁽²⁾
Market Value			
Beginning-of-Year Balance (Market Value)	5.6	4.6	0.0
Transfers In	0.0	0.0	0.0
Transfers Out	(0.9)	0.0	0.0
Net Investment Gain/ (Loss)	(0.1)	(0.1)	0.0
End-of-Year Balance	4.6	4.5	0.0

(1) Source: Projected contributions and distributions are International Trade and Business Endowment estimates using February 28, 2003, financial statements. Income projections are based on Callan Associates, Inc. 2003 capital market assumptions: 7.4% total return for FY 2004. Projected contributions are actual year-to-date amounts for current year and zero for all future years.

(2) The governor proposes to eliminate the International Trade and Business Endowment.

VII. STATE ENDOWMENT FUNDS

This section of the revenue forecast compares some important attributes of six existing endowment funds. The University of Alaska endowment is included in this comparison because it is one of the Alaska state public endowment funds that employs the annual distribution practices typical of the vast majority of endowments in the United States and Canada.⁽¹⁾

The fiduciary for each of these endowment funds has the responsibility for establishing an asset allocation policy for the fund. The table below compares the asset allocation policies for these endowments.

Today, under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds complying with those standards determine and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day, regardless of whether the securities are actually sold and the income taken, or realized. All six of these endowments report annual income on this basis. However, as reflected in the table, four of them — two of the funds administered by the Alaska Permanent Fund Corporation, the Public School Trust and the Alaska Children's Trust — use other measures of annual income for their distributions.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation, gains or losses on individual stocks and bonds are not recognized until the stock or bond is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends paid are treated as income. Gains and losses in the value of individual stocks and bonds are never recognized as income. By law, those gains and losses remain with the principal of the fund.

Table 48. Target Asset Allocation - State Endowment Funds percent

	Cash	U.S. Bonds	Foreign Bonds	U.S. Equities	Int'l Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	0	35	2	37	16	10	0	100
Mental Health Trust	0	35	2	37	16	10	0	100
Public School Trust	0	58	0	42	0	0	0	100
Alaska Children's Trust	0	58	0	42	0	0	0	100
Power Cost Equalization	0	42	0	41	17	0	0	100
University of Alaska Endowment	1	28	0	36	12	5	18	100

(1) The predominant practice, making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation *Managing Educational Endowments* (New York, New York; 1968).

Table 49. Calculation of Annual Income - State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on securities actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on securities actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

Table 50. Distributable Income Determination - State Endowment Funds

Alaska Permanent Fund	The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which equals 10.5% of the past five years' total realized income but not to exceed 50% of the balance in the Fund's realized Earnings Reserve Account (ERA). The 50% limitation has never been triggered. Also, because the fund principal does not change with changes in investment market values, the market value volatility for the entire fund is absorbed by the total realized and unrealized ERA. Consequently, a large balance is needed in the total ERA to ensure there are enough funds for the full annual dividend distribution according to the statutory formula of realized earnings.
Mental Health Trust	The Mental Health Trust Board adopted a policy to annually distribute 3.5% of the market value of the fund's total assets beginning in FY 2001. For FY 1996-1998 it was 3%; for FY 1999-2000 it was 3.25%. Because of recent declines in market value, the Trust Board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the income account.
Public School Trust	The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable income account balance so the fund is better able to retain its ability to distribute in a sustained bear market.
Alaska Children's Trust	The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable income account balance so the fund is better able to retain its ability to distribute in a sustained bear market.
Power Cost Equalization Endowment	The annual distribution is 7% of the fund's market value. For the initial transition years, use the market value on February 1 for the subsequent fiscal year. Thereafter, use 7% of the monthly average value for a specified 36-month period.
University of Alaska Endowment	The annual distribution is 5% of a five-year moving average of the market value of the fund.

Table 51. Inflation-Proofing Procedures — State Endowment Funds

Alaska Permanent Fund	The legislature annually inflation proofs the principal of the Permanent Fund (but not the accumulated balance in the Earnings Reserve Account (ERA)) pursuant to AS 37.13.145. The legislature each year transfers from the ERA to the fund's principal an amount equal to the U.S. Consumer Price Index's effect on the value of the principal. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund by limiting the annual distribution of earnings to 5% of the market value of the fund.
Mental Health Trust	The Mental Health Trust Authority has adopted two policies to inflation proof the fund. It limits distributions to 3.5% of the fund's market value. (The authority's ultimate distribution rate goal of 5% should still inflation proof the fund.) The authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution.
Public School Trust	The asset allocation policy is such that, in combination with the requirement that the fund's capital gains and losses remain part of the principal of the fund, the retained capital gains are adequate to inflation proof the fund.
Alaska Children's Trust	The asset allocation policy is such that, in combination with the requirement that the fund's capital gains and losses remain part of the principal of the fund, the retained capital gains are adequate to inflation proof the fund.
Power Cost Equalization Endowment	The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.
University of Alaska Endowment	The university's distribution policy of 5% of the moving five-year average of the fund's market value should inflation proof the fund.

VIII. PUBLIC CORPORATIONS AND THE UNIVERSITY OF ALASKA

Public Corporations

The state has established the following public corporations to carry out certain public policies:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Alaska Energy Authority (AEA)
- Alaska Student Loan Corporation (ASLC)
- Alaska Municipal Bond Bank Authority (AMBBA)
- Alaska Aerospace Development Corporation
- Alaska Railroad Corporation
- Alaska Science and Technology Foundation (ASTF)

These eight corporations, together with the Mental Health Trust and Alaska Science and Technology Foundation (described in Section VI) and University of Alaska, are component units of state government whose activities are accounted for in the State's Comprehensive Annual Financial Report separately from the activities of primary state government.

Four of these corporations — the Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Alaska Student Loan Corporation and Alaska Municipal Bond Bank Authority — pay some portion of their income as a “dividend” to the state. These “dividends” have been included as income in Section IV — Non-Oil Revenue (Except Federal and Investment) — of this forecast.

Two of these corporations — AIDEA and AEA — share a common staff and board of directors. The other corporations each have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are.

The following six tables summarize the activities of these eight corporations.

Table 52. Public Corporations - Missions

What does the corporation do and how does it do it?

Alaska Housing Finance Corporation	Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, thereby enabling the corporation, since FY1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially Alaskans of low and moderate income and those in remote and underdeveloped areas of the state, have adequate housing at reasonable cost, the corporation administers federally and state funded multi-residential, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature also has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.
Alaska Industrial Development and Export Authority	By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans and from leases and operations of its properties. The corporation has paid an annual dividend to the state since FY1997.
Alaska Energy Authority	A separate entity within AIDEA, AEA provides loans to rural utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the earnings of the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, management and conservation in rural Alaska.
Alaska Student Loan Corporation	The Alaska Student Loan Corporation uses proceeds from bond sales to finance student loans made by the Alaska Commission on Postsecondary Education. Loan repayments satisfy bond obligations and enhance the corporation's capital asset base. Alaska statutes authorize the board of directors to annually declare a return to the state of a portion of its contributed capital. The board has declared a return of capital for FY 2001, FY 2002 and FY 2003.
Alaska Municipal Bond Bank Authority	The Bond Bank loans money to Alaska municipalities for capital improvement projects. The bank's larger capital base, its reserve funds and its credit rating enable it to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.
Alaska Aerospace Development Corporation	The corporation finances aerospace-related ventures in Alaska, including the establishment and operation of a commercial space vehicle launch facility in Kodiak, space science and engineering research and promoting tourism at the Poker Flat rocket range and other facilities. Eventually, income from investments and operations will be returned to a revolving fund used to make more loans and acquire properties.
Alaska Railroad Corporation	The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.
Alaska Science and Technology Foundation	The Foundation was initially incorporated to promote science and engineering research and development in Alaska by awarding grants and by serving as an adviser to and facilitator among various government agencies and industry. The Foundation's mission was later expanded to include administering the International Trade and Business Endowment. However, in practice, the State Division of International Trade and Market Development administers the endowment.

Table 53. Public Corporations - State Capitalization

How did the state capitalize the corporation?

Alaska Housing Finance Corporation	The legislature appropriated \$739.9 million in cash and \$292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash, have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional \$27.7 million in cash and \$9.3 million in equity when the legislature merged the Alaska State Housing Authority with the corporation.
Alaska Industrial Development and Export Authority	Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth \$366.1 million and \$69 million in cash to the corporation. In 1998, the state transferred ownership of the Ketchikan Shipyard.
Alaska Energy Authority	The legislature established the AEA in 1976 to finance and operate power projects. The corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, the corporation reported contributed capital of \$963.5 million. Some of that is from the federal government.
Alaska Student Loan Corporation	In FY 1988, the state transferred \$260 million of existing student loans to the corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled \$46.7 million.
Alaska Municipal Bond Bank Authority	Between 1976 and 1986, the legislature appropriated \$18.6 million to the Bond Bank to be use for backing bond issues. In addition, the legislature gave the Bond Bank \$2.5 million in 1981 to cover an anticipated default by a municipality. The municipality did not default, and the Bond Bank retained the appropriation.
Alaska Aerospace Development Corporation	Since 1993, the state has contributed \$10.9 million from the Science and Technology Endowment.
Alaska Railroad Corporation	The state bought the railroad from the federal government in 1985. The purchase price of \$22.7 million was recorded as the state's capitalization.
Alaska Science and Technology Foundation	The corporation is funded from the earnings of the Alaska Science and Technology Endowment. The endowment was capitalized with \$100 million from the General Fund that was paid to the endowment over several years in the late 1980s.

Table 54. Public Corporations - Financial Facts, FY 2002

	(\$ Million) Total Assets	(\$ Million) Assets Less Liabilities Book Value	(\$Million) Unrestricted Net Assets	(\$ Million) FY 2002 Operating Budget	(1) Total Positions
Alaska Housing Finance Corporation	\$5,282	\$1,766	\$210	\$39.1	354
Alaska Industrial Development and Export Authority	\$1,142	\$793	\$789	\$6.5	65
Alaska Energy Authority	\$598	\$438	\$226	\$1.0	See AIDEA ⁽²⁾
Alaska Student Loan Corporation	\$819	\$302	\$4	\$10.3	103
Alaska Municipal Bond Bank Authority	\$269	\$40	\$22	\$0.5	1
Alaska Aerospace ⁽³⁾ Development Corporation	\$75	\$48	na	\$14.6	18
Alaska Railroad ⁽⁴⁾ Corporation	\$306	\$114	na	\$77.0	710
Alaska Science and Technology Foundation	\$109	\$107	na	\$10.6	7

(1) Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions.

(2) The Alaska Industrial Development and Export Authority (AIDEA) provides staff for the activities of the Alaska Energy Authority (AEA). A significant portion of AIDEA's 65 member staff are engaged in AEA programs.

(3) Unaudited.

(4) The Alaska Railroad reports financial data on a calendar year. Assets and book value shown here are for 2001. The operating budget figure shown here is for CY 2003.

Table 55. Public Corporations - Revenue and Net Income
\$ Million

	FY 2002 Revenue	FY 2002 Operating Income	FY 2002 Net Income
Alaska Housing Finance Corporation	\$349.2	\$75.7	(\$7.9)
Alaska Industrial Development and Export Authority	\$73.3	(\$55.0)	(\$72.5)
Alaska Energy Authority	\$54.8	(\$197.4)	(\$199.7)
Alaska Student Loan Corporation	\$37.1	\$14.4	\$9.1
Alaska Municipal Bond Bank Authority	\$14.5	\$2.2	\$1.1
Alaska Aerospace Development Corporation	\$2.4	(\$1.2)	(\$0.6)
Alaska Railroad Corporation ⁽¹⁾	\$96.2	\$0.0	\$6.6
Alaska Science and Technology Foundation	(\$2.2)	(\$2.3)	(\$5.7)

(1) The Alaska Railroad reports financial data by calendar year. CY 2001 covers the second half of FY 2001 and the first half of FY 2002.

Table 56. Public Corporations - Dividends to the State

How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation	By agreement with the legislature, the corporation is to annually transfer an amount no greater than its net income for the preceding year to the state. As established in statute, that amount has been \$103 million (Chapter 130, SLA 2000). The final payment will be in FY 2008. The corporation has customarily regarded \$53 million of the dividend as available for AHFC capital projects, while the remaining \$50 million is a cash transfer for the legislature to spend as it sees fit. In practice, the legislature has in recent years used some of the \$53 million for non-AHFC projects.
Alaska Industrial Development and Export Authority	By statute, AIDEA must make available to the state not less than 25% and not more than 50% of its total net income for a base year, defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its <i>unrestricted</i> net income in the base year (AS 44.88.088). Booked losses reduce net earnings and, consequently, reduce the dividend to the state. For example, the write-down of asset values in FY 2002 prevents paying a dividend in FY 2004, unless the legislature changes the statute.
Alaska Energy Authority	AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 the corporation returned \$55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund
Alaska Student Loan Corporation	The corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital for any base year in which the net income of the corporation is \$2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, the returned capital must be between 10% and 35% of net income for the base year (AS 14.42.295).
Alaska Municipal Bond Bank Authority	By statute, the Bond Bank annually returns earnings or income of its reserve fund in excess of expenses to the state.
Alaska Aerospace Development Corporation	AADC does not pay a dividend or return capital to the state.
Alaska Railroad Corporation	ARRC does not pay a dividend or return capital to the state.
Alaska Science and Technology Foundation	The foundation itself does not pay a dividend or return capital to the state, however, the legislature regularly appropriates money from the earnings of the Science and Technology Endowment and the International Trade and Business Endowment.

Table 57. Public Corporations - Operating Expenses and Dividends
\$ Million

	Operating Expenses Subject to the Executive Budget Act		Dividends and/or Return of Capital	
	Actual FY 2002	Budget FY 2003	Actual FY 2002	Budget FY 2003
Alaska Housing Finance Corporation	\$36.4	\$39.1	\$103.0 ⁽¹⁾	\$103.0
Alaska Industrial Development and Export Authority	\$5.5	\$6.5	\$17.5	\$19.0
Alaska Energy Authority	\$18.2	\$1.0	na	na
Alaska Student Loan Corporation	\$10.0	\$10.3	\$4.0	\$5.3
Alaska Municipal Bond Bank Authority	\$0.5	\$0.5	\$0.7	\$2.0
Alaska Aerospace Development	\$4.8	\$14.6	na	na
Alaska Railroad Corporation	na	na	na	na
Alaska Science and Technology Foundation	\$2.5	\$10.6	na	na

(1) This figure reflects the provision in Chapter 130, SLA 2000, that \$103 million will be transferred to the state each year through Fiscal 2008. Because some of this money is earmarked for multi-year capital projects, actual cash transfers in any given year may vary.

University of Alaska

Table 58. University of Alaska
\$ Million

Lands and Facilities June 30, 2002	Total Assets June 30, 2002	Unrestricted Net Assets	FY 2003 Operating Budget	FY 2003 Total Positions
\$651.3 ⁽¹⁾	\$895.6		\$36.5	\$611.83,786

(1) Unaudited. Includes depreciation. Past years' figures did not include depreciation, in accordance with accounting principles for universities at that time.

IX. ROSETTA STONE

Introduction

This Revenue Sources Book published by the Department of Revenue, the Summary of Appropriations published by the Legislative Finance Division, and the Comprehensive Annual Financial Report (CAFR) published by the Finance Division of the Department of Administration all present detailed information about where the state gets the money for its budgeted day-to-day operations.

Although these three documents concern the same subject matter, they serve very different purposes. This Revenue Sources Book concerns the first step in the process, estimating available “general purpose” or “unrestricted” revenue for appropriation in the next fiscal year. It is published each spring and fall. While the main focus in preparing this book is the unrestricted revenue, we also look at many sources of restricted revenues as well.

At the far end of the spectrum from this forecast is the CAFR. The CAFR reports what actually happened to state dollars during the prior fiscal year, and is published in December about six months after the end of the fiscal year — about two years after the publication of the Revenue Sources Book that had estimated the available revenue for that year. New standards set by the Government Accounting Standards Board in GASB Statement 34 promulgated a fairly major restructuring of its required financial reporting model. The 2002 CAFR is the first time the State of Alaska used the new reporting model.

In between the publication of our forecast and the CAFR, thousands of events occur and many different “snapshots” of the state’s finances are taken. The Summary of Appropriations is one such snapshot, which records how much spending the legislature and governor authorized in the legislative session that just ended. The Summary of Appropriations is published in July, at the start of the fiscal year. In July 2002, the Summary of Appropriations for FY 2003 was published. The 2002 Fall Forecast provided a comparison between the revenues reported in the FY 2003 budget and Revenue Sources Book.

Even though these three books concern the same subject matter, they present it differently. This purpose of this section is to reconcile these documents. Going from one document to the other can be very difficult because each uses a different system to classify various kinds of state money, so a sum of money in one report may be broken up into many different pieces in a different report, or vice-versa. In addition, some of the critical terms used in the classification are defined very differently between the books.

Defining "Fund"

Alaska's public finances are generally described under one of two different systems: "accounting funds" or "budget funds." Many accounting funds have a corresponding budget fund. For other funds, a single budget fund can incorporate several entire accounting funds or parts of various accounting funds, and the reverse is true as well. Some budget funds have no corresponding accounting fund. As will be fleshed out below, a major difference between the two systems of funds is how each defines the "general fund."

Only about 110 of the approximately 181 budget funds are active⁽¹⁾ — and some of these are used to designate duplicated receipts. When a budget writer says money is coming from a particular fund, the writer identifies a source that may include money already set aside under that fund code or a stream of revenues earmarked for that fund code.

Accounting funds are funds established under general accepted accounting principles as codified by the Governmental Accounting Standards Board (GASB).⁽²⁾ According to GASB, a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These rules apply to all the states, counties, cities and other public jurisdictions across our country. They are meant to increase the transparency of public finances and the accountability of public officials. Accountants track revenues into specific GASB-defined funds. However, when an accountant says money is coming from such and such a fund, again, he or she is identifying a source that may include money on hand already set aside under that fund code or from a stream of revenues earmarked for that fund code.

(1) The list of fund codes can be found several places including "The Swiss Army Knife of Budget Handbooks," which can be found at <http://www.legfin.state.ak.us/>, with more recent additions found only in the budget itself.

(2) The GASB is a sister organization to the more well know FASB or Financial Accounting Standards Board. GASB sets out generally accepted accounting principles (GAAP) for governmental entities; FASB sets out GAAP for private businesses. Both are under the auspices of the Financial Accounting Foundation.

Defining "General Fund"

The General Fund is the general operating fund of the state. All public money coming into the state treasury that is not authorized or required by law to be placed in a special fund constitutes the General Fund. As noted above, the accounting "General Fund" and the budgeting "general fund" are not the same thing. For example, the FY 2002 budget passed in the spring of 2001 was predicated on \$2.4 billion in general fund revenue. The FY 2002 CAFR shows General Fund revenue for the period of \$3.7 billion. Did a billion dollars go missing? No. What accounts for this difference is just that the accountants and budget writers use the term "general fund" differently.

The accountants' General Fund starts with everything in the budget writers' general fund, which represents the core government dollars that are designated as "unrestricted" in this Revenue Sources Book. The accountant's General Fund, however, also includes the following:

- Sub-accounts or subfunds of the General Fund. A budget writer will consider a General Fund subfund as a separate fund, and will discuss moving money from the general fund to a subfund. But such a transfer would not show up in the accountant's final report, because, to the accountants, it had no effect on the General Fund. For example, in conformance with GASB 34 standards, in FY 2002, the Constitutional Budget Reserve is considered a subfund of the General Fund.
- Federal dollars that are spent in general fund programs. No accounting funds are defined by the fact that they have only federal dollars. On the other hand, six specific budget codes refer to different kinds of federal funds.

To distinguish between these two concepts, in this document we will capitalize the accountants' General Fund, and keep the budget writers' general fund in lowercase.

Reconciling this Revenue Sources Book With the State's Annual Budget

The Department of Administration, Division of Finance issues (and the Division of Legislative Audit audits) the CAFR every December to report on the fiscal year that ended six months earlier in June.⁽¹⁾ The CAFR provides a very detailed accounting of the state's fiscal picture and activities for the previous year. As an aside, GASB, in Statement 34, promulgated a fairly radical restructuring of its required financial reporting model, and the state used that model for the 2002 CAFR for the first time.

GASB 34 established a new structure for governmental reporting. All the state's funds are divided into three categories; governmental, proprietary and fiduciary funds. Discretely presented component units such as the University or Alaska Housing Finance Corporation continue to be reported separately.

Most of the state's basic services are reported in governmental funds, and with a handful of exceptions the revenues in these funds line up with the revenues in the Revenue Sources Book. There are five types of governmental funds; debt service funds, permanent funds, special revenue funds, capital project funds and the General Fund. The table below summarizes the revenues reported by the CAFR in governmental funds. The State of Alaska did not have any capital project funds in FY 2002.

Table 59. 2002 CAFR Revenue in Government Funds

	Debt Service Funds Sttmnt 3.02 (1 fund)	Permanent Funds Sttmnt 3.11 & 3.01 (2 funds)	Special Revenue Funds Sttmnt 3.02 (11 funds)	General Fund Sttmnt 1.13 (1 fund & 2 subfunds)	Total Governmental Funds Sttmnt 3.11 (17 funds)
Taxes		-	30,276	989,602	1,019,878
Licenses & Permits		-	26,590	63,459	90,049
Charges for Services		-	339	157,119	157,458
Fines & Forfeitures		-	225	11,712	11,937
Rents & Royalties		262,025	1,686	603,389	867,100
Premiums & Cont.		-	10,304	9,308	19,612
Interest & Investment	1,217	995,407	1,663	205,049	1,203,336
Change in Fair Value	210	(1,583,433)	-		(1,583,223)
Federal		-	16,745	1,535,949	1,552,694
Grants & Contracts		-	43		43
Other Revenues	19,923	-	15	134,775	154,713
Totals	21,350	(326,001)	87,886	3,710,362	3,493,597

Source: State of Alaska 2002 Comprehensive Annual Financial Report.

(1) http://fin.admin.state.ak.us/dof/financial_report/cafr_toc.jsp

The single debt service fund is the Northern Tobacco Securitization Corporation. As explained below, that corporation issued bonds and uses 80% of the stream that the state expects to receive under the Tobacco Litigation Master Settlement Agreement to service the debt.

There are two permanent funds, the Alaska Permanent Fund and the Public School Trust Fund, both discussed in Section VII of this book .

There are 10 special revenue funds, which can be found listed in Table 61. Over three-quarters of the revenues are found in just two special revenue funds, the Fish and Game fund where revenues are derived from licenses, permits and federal support, and the School Fund that derives its revenue from the cigarette tax.

There is only one General Fund though it has many subfunds. There are two major subfunds of the General Fund detailed in the CAFR, the Constitutional Budget Reserve Subfund and the Permanent Fund Dividend Subfund.

At the end of this section you will find Tables 60 and 61. Table 60 is organized like Table 1 — Total Revenue — of this Revenue Sources Book. Most of the numbers are taken from the Revenue Sources Book, although occasionally they are broken out a little more finely than in the Revenue Sources Book. In that case the figures are taken from the CAFR, or computed as a difference between two figures. Along the left hand side of the table a source is given for each figure. Along the right hand side of the page in Table 60 is shown the pertinent fund, revenue type, and reporting schedules as it would be reported in the CAFR for each dollar item. Table 61 details the full \$3,569.8 million found in the Revenue Sources Book, and then adds an additional \$101.1 million found only in the CAFR, for a total of \$3,671.

Table 61 is organized like the CAFR, using the same building blocks that totaled to \$3,671 million. Again, along the left hand side of the table a source is given for each figure. Since the Revenue Sources Book reports in much finer detail, most of the time multiple revenues have to be summed to equal a figure reported in the CAFR, and the along the right hand side are cross check references for each of the totals. Total governmental fund revenues of \$3,493.6 million are summed, and then an additional \$177.3 million not found in the governmental section of the CAFR but found in the Revenue Sources Book is presented to arrive at a total for the table of \$3,671.

What is the additional \$101.1 million found in the CAFR but not the Revenue Sources Book? This amount falls into four classes. The largest piece is \$71.2 million in revenue shown as “other” revenue, most of which can be traced to payments the state received in FY 2002 under the tobacco Master Settlement Agreement. In 2000 and 2001 the legislature authorized the sale of 80% of the future revenue stream from the state’s settlement of the tobacco litigation to a new public corporation, the Northern Tobacco Securitization Corporation, a subsidiary of AHFC. The new corporation, in turn, sold bonds based on this revenue sale. The final piece of revenue from the bond sale, and the interest earned holding that money in the bank is not reflected in the Revenue Sources Book. It is, however, reflected in the CAFR.

The next largest piece is \$19.6 million in premiums and contributions associated with certain revenue funds. We do not include contributions or certain other kinds of revenue intended for the ultimate benefit of a beneficiary other than the state in this Revenue Sources Book.

There is an additional \$5.7 million in two audit adjustments the department of administration made relative to the state accounting system (primarily Alaska Marine Highway System revenue that was deferred from FY 2001), transferring certain revenue to transfers, and additional revenues of \$1.4 million to debt funds and \$1.7 million to special revenue funds.

Finally, this forecast excludes \$1.5 million in miscellaneous adjustments. This figure is the net of several adjustments that needed to be made to reconcile the CAFR and the Revenue Sources Book. The adjustments reflect rounding differences and the effect of several small items reported differently.

What about the additional \$177.3 million found in Table 1 revenues that are not found in the CAFR operating revenues as shown in Table 61? This figure is actually the net of \$38.1 million in losses or expenses and \$215.4 million in additional revenues.

The \$38.1 million is found in the CAFR at Schedule 1.13, but is designated as operating expense. We report the earnings of the Permanent Fund net of its expenses, while the CAFR more accurately shows total revenues and then reflects operating expenses of the Permanent fund as “expenses,” coming out to the same net figure found in this book.

Seven other items totalling \$90.3 million are revenues in non-governmental funds. Most of the dollars are associated with international airport fuel sales, landing and other fees and investments. The international airports’ finances are reported in a proprietary fund rather than a governmental fund.

The remaining \$125.1 million in revenue, are dividends from four component organizations, Alaska Housing Finance Corporation (AHFC), Alaska Industrial Development and Export Authority (AIDEA), the Alaska Student Loan Corporation (ASLC) and the Alaska Municipal Bond Bank (AMBBA.) THE CAFR does not report these intra-governmental dividends as operating revenues.

Table 60. Revenues Organized Like Revenue Sources Book

Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal	Totals	CAFR Fund	CAFR Revenue Type	CAFR Schedule
OIL REVENUE									
Unrestricted									
Royalties (Including Bonuses)									
Table 3	Royalties (Including Bonuses)	575.8	575.8					R/R	3.12
Table 3	Mineral Bonuses and Rents	14.6	14.6					R/R	3.12
Table 3	Interest Paid by Others (General fund)	5.4	5.4					I/I	3.12
Subtotals Royalties (Including Bonuses)				595.8					
Corporate Petroleum Tax									
Table 3	Corporate Petroleum Tax	178.4	178.4				GF	Taxes	3.12
Subtotal Corporate Petroleum Tax				178.4					
Property Tax									
Table 3	Property Tax	49.6	49.6				GF	Taxes	3.12
Subtotal Property Tax				49.6					
Severance Tax									
Table 3	Oil & Gas Hazardous Release	9.6	9.6				GF	Taxes	3.12
Table 3	Severance Tax	486.7	486.7				GF	Taxes	3.12
Subtotal Severance Tax				496.3					
Subtotal Unrestricted				496.3					
						1,320.1			
Restricted									
CBRF									
Table 18 adj(1)	Interest Portion of Tax and Royalty CBRF Bound Settlements	35.4	-				CBRF Subfund	I/I	3.12
Schdl 3.12 (table 18)	Penalty Portion of Tax and Royalty CBRF Bound Settlements	0.3	-				CBRF Subfund	F/F	3.12
Schdl 3.12 (table 18)	Royalty Portion of CBRF-Bound Settlements	0.2	-				CBRF Subfund	R&R	3.12
Schdl 3.12 (table 18)	Tax Portion of CBRF-Bound Settlements	54.3	-				CBRF Subfund	Taxes	3.12
CBRF Subtotal			90.2	90.2					
NPRA									
Table 18	NPRA	1.7	1.7				NPRA	R/R	3.22
Subtotal NPRA				1.7					
Dedicated Royalties									
Table 18	Royalties to School Fund	4.3	4.3						
Table 18	Royalties to Permanent Fund	257.7	257.7				Public School Trust AK Perm Fund	R&R R&R	3.02 1.13
Dedicated Royalties Subtotal				262.0					
Subtotal Restricted				262.0					
Oil Revenue Subtotal				353.9					
NON-OIL REVENUE (EXCEPT INVESTMENTS & Federal)									
Unrestricted									
Taxes									
Table 3	Alcoholic Beverage (General Fund)	12.9	12.9				GF	Taxes	3.12
Table 3	Charitable Gaming (General Fund)	2.5	2.5				GF	Taxes	3.12
Table 3	Cigarette (General Fund)	9.5	9.5				GF	Taxes	3.12
Table 3	Corporation General Income Tax (General Fund)	53.4	53.4				GF	Taxes	3.12
Table 3	Electric and Telephone Cooperative (General Fund)	0.1	0.1				GF	Taxes	3.12
Table 3	Estate (General Fund)	3.1	3.1				GF	Taxes	3.12
Table 3	Fisheries Business (General Fund)	12.7	12.7				GF	Taxes	3.12
Table 3	Fishery Resource Landing (General Fund)	2.6	2.6				GF	Taxes	3.12
Table 3	Insurance Premium (General Fund)	34.1	34.1				GF	Taxes	3.12
Table 3	Mining (General Fund)	0.5	0.5				GF	Taxes	3.12
Table 3	Motor Fuel Tax-Aviation (General Fund)	40.2	40.2				GF	Taxes	3.12
Table 3	Other Tobacco Product (General Fund)	6.0	6.0				GF	Taxes	3.12
Subtotal Taxes				177.6					

Table 60. Revenues Organized Like Revenue Sources Book

Source	Description	Amount	RSB Table	Line Item	RSB Table	Subtotal	Totals	CAFR Fund	CAFR Revenue Type	CAFR Schedule
Charges for services										
Table 3	General Government (General Fund)	16.0	16.0					GF	C/S	3.12
Table 3	Natural Resources (General Fund)	1.9	1.9					GF	C/S	3.12
Schdl 3.12 (Table 3)	PFDD Subfund C/S	0.3	0.3					PFDD Subfund	C/S	3.12
Table 3 adj(2)	Other General Fund C/S (not including PFDD)	0.9	0.9					GF	C/S	3.12
Subtotal Charges for Services						19.1				
Fines and Forfeitures										
Table 3	Fines and Forfeitures (General Fund)	5.8	5.8					GF	F/F	3.12
Schdl 3.12 (Table 3)	PFDD Subfund F/F	0.0	0.0					PFDD Subfund	F/F	3.12
Table 3 adj(2)	Other General Fund F/F (not including PFDD)	0.8	0.8					GF	F/F	3.12
Subtotal Fines and Forfeitures						6.6				
Licenses and Permits										
Table 3	Motor Vehicle Fees (General Fund)	35.7	35.7					GF	L/P	3.12
Table 3 adj(3)	Licenses and Permits in RSB (General Fund)	5.3	5.3					GF	L/P	3.12
Table 3 adj(3)	L/P in RSB, Taxes in CAFR (General Fund)	1.2	1.2					GF	Taxes	3.12
Subtotal Licenses and Permits						42.2				
Rents and Royalties										
Table 3	Cabin Rentals (General Fund)	0.2	0.2					GF	R/R	3.12
Table 3	Coal Royalties (General Fund)	0.6	0.6					GF	R/R	3.12
Table 3	Land Leasing, Rental and Sale (General Fund)	8.3	8.3					GF	R/R	3.12
Table 3	Timber Sales (General Fund)	0.2	0.2					GF	R/R	3.12
Subtotal Rents and Royalties						9.3				
Other										
Table 3	Unclaimed Property	15.0	15.0					GF	Other	3.12
Schdl 3.12 (Table 3)	PFDD Subfund Other	0.1	0.1					PFDD Subfund	Other	3.12
Table 3 adj(2)	Other General Fund "other" (not including PFDD)	27.2	27.2					GF	Other	3.12
Subtotal Other						42.3				
Subtotal Unrestricted						297.1				
Restricted Taxes										
Table 20	Electric and Telephone Cooperative (General Fund/Municipal Share)	3.1	3.1					GF	Taxes	3.12
Table 20	Fisheries Business (General Fund: Municipal Share)	12.6	12.6					GF	Taxes	3.12
Table 20	Fishery Resource Landing (General Fund: Municipal Share)	4.6	4.6					GF	Taxes	3.12
Table 20	Insurance Premium (Workers Safety & Comp)	3.2	3.2					GF	Taxes	3.12
Table 20	Motor Fuel Tax-Aviation (General Fund: Municipal Share)	0.2	0.2					GF	Taxes	3.12
Table 20	Salmon Enhancement (General Fund: Qualifying Regional Assoc)	3.7	3.7					GF	Taxes	3.12
Table 20	Cigarette Taxes (Special Revenue Fund: School Fund)	30.3	30.3					School	Taxes	3.22
Subtotal Taxes						57.7				
Charges for Services										
Table 21	Charges for Services in CAFR General Government (General Fund) C/S in RSB	1.1	1.1					GF	C/S	3.12
Table 21	Charges for Services in CAFR Natural Resource (General Fund) C/S in RSB	0.1	0.1					GF	C/S	3.12
Table 21	C/S Marine Highway Receipts (General Fund: Marine Highway Fund)	32.2	32.2					GF	C/S	3.12
Statutorily Designated Receipts										
Table 21 adj(4)	Rents and Royalties in CAFR, Statutorily Designated Receipts in RSB	0.9						GF	R/R	3.12
Table 21 adj(4)	"Other Revenues" in CAFR, Statutorily Designated Receipts in RSB	1.1						GF	Other	3.12
Table 21 adj(4)	Licenses and Permits in CAFR, Statutorily Designated Receipts in RSB	1.2						GF	L/P	3.12
Table 21 adj(4)	Charges for Services in CAFR, Statutorily Designated Receipts in RSB	52.7						GF	C/S	3.12
Subtotal Statutorily Designated Receipts						55.9				
Table 21	Airport Fuel Sales, Landing and Other Fees (Ent Frnds: Intl. Airport Funds)	72.6	72.6					Non Governmental Funds		

Table 60. Revenues Organized Like Revenue Sources Book

Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	Totals	CAFR Fund	CAFR Revenue Type	CAFR Schedule
Receipt Supported Services								
Table 21 adj(4)	"Other Revenues" in CAFR, Receipt Supported Services in RSB	1.2					Other	3.12
Table 21 adj(4)	Charges for Services in CAFR, Receipt Supported Services in RSB	44.4				GF	C/S	3.12
Table 21 adj(4)	Licenses and Permits in CAFR, Receipt Supported Services in RSB	21.5				GF	L/P	3.12
Table 21 adj(4)	Ak Seafood Marketing (Tax in CAFR, C/S in RSB)	4.8				GF	Taxes	3.12
	Subtotal Receipt Supported Services		71.9					
	Subtotal Charges for Services			233.8				
Fines & Forfeitures								
Table 22	NTSC Other (Tobacco Settlement)	19.9	19.9			NTSC	Other	3.02
Table 22	Mitigation Accounts (General Fund)	4.2	4.2			GF	F/F	3.12
Table 22	Tobacco Settlement (Tobacco Use Ed & Cess Fund)	5.0	5.0			GF	Other	3.12
				29.1				
Licenses And Permits								
Table 23	Fees (Clean Air Protection Fund)	2.2	2.2			Clean Air	L/P	3.22
Table 23	Hunting and Fishing Fees (Fish and Game Fund) SR	23.3	23.3			Fish & Game	L/P	3.22
Table 23	Sanctuary Fees (Fish and Game Fund) SR	0.1	0.1			Fish & Game	L/P	3.22
	Subtotal Licenses and Permits			25.6				
Rents And Royalties								
Table 24	Land Leasing, Rental and Sale (General Fund)	2.5	2.5			GF	R/R	3.12
	Subtotal Rents and Royalties			2.5				
Other								
Table 25	AHFC Dividend	103.0	103.0			Dividends not in CAFR		
Table 25	AIDEA Dividend	17.5	17.5			Dividends not in CAFR		
Table 25	ASLC Dividend	4.0	4.0			Dividends not in CAFR		
Table 25	AMBBA Dividend	0.6	0.6			Dividends not in CAFR		
Table 25	Miscellaneous (General Fund)	14.0	14.0			GF	Other	3.12
	Subtotal Other			139.1				
	Subtotal Restricted				487.7			
Subtotal Non-Oil Revenue (Except Investments)								
Federal Revenues								
Restricted								
Schdl 3.22 (Table 26)	Fish & Game Fed	16.7	16.7			Fish & Game	Fed	3.22
Schdl 3.12 (Table 26)	PFDD Subfund Fed	0.4	0.4			PFDD Subfund	Fed	3.12
Schdl 3.12 (Table 26)	Other Federal Revenues	1,535.6	1,535.6			GF	Fed	3.12
	Subtotal Restricted			1,552.7				
	Federal Subtotal				1,552.7			
INVESTMENTS								
Unrestricted								
Gefonsi								
Table 3 adj(8)	Treasury Interest and Investment Income	18.0	18.0			GF	I/I	3.12
Schdl 3.12 (Table 3)	Treasury Interest and Investment Income	17.4	17.4			GF	NIDPV	3.12
	Subtotal Gefonsi			35.4				
Investment Loss Trust								
Table 3	Investment Loss Trust	0.1	0.1			Non Governmental Funds		
	Subtotal Investment Loss Trust			0.1				
	Interest Paid by Others							

Table 60. Revenues Organized Like Revenue Sources Book

Source	Description	Amount	RSB Table	RSB Table	RSB Table	Totals	CAFR Fund	CAFR Revenue Type	CAFR Schedule
Table 3	Interest Paid by Others (general fund)	7.6	7.6				GF	I/I	3.12
Subtotal		7.6		7.6					
Subtotal Unrestricted						43.1			
Restricted									
Other Gefonsi Investment									
Table 28 adj(6)	Other Investments for non-governmental funds	8.9							
Schdl 3.22 (Table 28)	Alveska Settlement	0.4					Alveska	I/I	3.22
Schdl 3.22 (Table 28)	EVOS I/I	0.3					EVOS	I/I	3.22
Schdl 3.22 (Table 28)	EVST I/I	0.4					EV Settlement	I/I	3.22
Schdl 3.22 (Table 28)	F&G I/I	0.6					Fish & Game	I/I	3.22
Subtotal Other Gefonsi Investment		10.6	10.6						
CBRF									
Table 28 adj(1)	CBRF Investments	139.7					CBRF Subfund	I/I	3.12
Schdl 3.12 (table 28)	CBRF Investments	(17.4)					CBRF Subfund	NIDPV	3.12
Subtotal CBRF		122.3	122.3						
Other Treasury Managed Funds									
Children's Trust									
Table 41	Children's Fund Investment	(0.3)	(0.3)				GF	I/I	3.12
Subtotal Children's Trust									
Power Cost Equalization Endowment Earnings									
Table 42	Power Cost Equalization Endowment Earnings	(5.7)	(5.7)						
Subtotal Power Cost Equalization Endowment Earnings									
International Airport									
Table 37	International Airport Revenue Fund	5.5							
Table 38	International Airport Construction Fund	7.2							
Table 39	International Airport Construction Fund	1.7	14.4						
Subtotal International Airport									
Public School Trust									
Schdl 3.02 (table 40)	Public School Investment Earnings	11.3					Public School Trust	I/I	3.02
Schdl 3.02 (table 40)	Public School Investment Earnings	(20.5)					Public School Trust	NIDPV	3.02
Subtotal Public Trust			(9.2)	(0.8)					
Permanent Fund Corporation									
Schdl 1.3 (Table 28)	Permanent Fund Earnings	984.1	984.1				AK Perm Fund	I/I	1.13
Schdl 1.3 (Table 28)	Permanent Fund Earnings	(1,563.0)	(1,563.0)				AK Perm Fund	NIDPV	1.13
Table 28 adj(7)	Permanent Fund Corporation Expenses	(38.1)	(38.1)				Expenses not shown as CAFR op rev		
Subtotal Permanent Fund Corporation			(617.0)						
Subtotal Restricted						(484.8)			
Investment Subtotal									
TOTAL Revenue in Table One of Revenue Sources Book						3,569.8			
Items not in the Revenue Sources Book									
Reconciliation Figures									
Recon Adj(9)	Adj. or rounding to tie to CAFR GF L/P	(0.2)	(0.2)				GF	L/P	3.12
Recon Adj(9)	Adj. or rounding to tie to CAFR GF C/S	1.2	1.2				GF	C/S	3.12
Recon Adj(9)	Adj. or rounding to tie to CAFR GF F/F	0.6	0.6				GF	F/F	3.12
Recon Adj(9)	Adj. or rounding to tie to CAFR GF R/R	0.1	0.1				GF	R/R	3.12
Recon Adj(9)	Adj. or rounding to tie to CAFR GF I/I	(0.2)	(0.2)				GF	I/I	3.12
Recon Adj(10)	CAFR reclass AMBBA to transfers	(0.6)	(0.6)				GF	I/I	3.12

Table 60. Revenues Organized Like Revenue Sources Book

Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal	Totals	CAFR Fund	CAFR Revenue Type	CAFR Schedule
Recon Adj(10)	CAFR Audit adjustment to AKSAS figures	6.3	6.3	5.7			GF	C/S	3.12
Large adjustment for handling of Tobacco Revenues									
Recon Adj(9)	Adj. or rounding to tie to CAFR GF Other (Mostly Tobacco Payments)	71.2	71.2	71.2			GF	Other	3.12
<i>Debt Funds</i>									
Schdl 3.02	Northern Tobacco Securitization Corporation NIDPV	0.2	0.2				NTSC	I/I*	3.02*
Schdl 3.02	Northern Tobacco Securitization Corporation I/I	1.2	1.2				NTSC	I/I*	3.02*
<i>Special Revenue Funds</i>									
Schdl 3.22	Fish & Game F/F	0.1	0.1				Fish & Game	F/F	3.22
Schdl 3.22	Fish & Game C/s	0.3	0.3				Fish & Game	C/S	3.22
Schdl 3.22	F&G Other	0.0	0.0				Fish & Game	Other	3.22
Schdl 3.22	F&G Grants	0.0	0.0				Fish & Game	Grants	3.22
Schdl 3.22	Second Injury F/F	0.2	0.2				Second Injury	F/F	3.22
Schdl 3.22	Fisherman's Fund L/P	1.1	1.1				Fisherman's	L/P	3.22
Schdl 3.22	Reclamation Bonding Pool C/S	0.0	0.0				RBP	C/S	3.22
<i>Premiums & Contributions</i>									
Schdl 3.12	Premiums & Contributions	9.3	9.3				GF	P/C	3.12
Schdl 3.22	Second Injury P/C	2.9	2.9				Second Injury	P/C	3.22
Schdl 3.22	EVST P/C	7.4	7.4				EV Settlement	P/C	3.22
Total Items not in Revenue Sources Book				19.6	101.1	101.1			
Grand Total, Matches Table 61 Grand Total						3,671.0			

Table 61. Revenues Organized Like CAFR

Source		Description	Amount	Subtotal Revenue Type	Subtotal Fund Type	Total	Crrspndng CAFR Description	Crrspndng CAFR Schedule	Crrspndng CAFR Schedule
Governmental Funds									
Debt Service Funds									
NTSC									
	Schdl 3.02	Northern Tobacco Securitization Corporation	0.2	0.2			NTSC	NIDPV	3.02
	Schdl 3.02	Northern Tobacco Securitization Corporation VI	1.2	1.2			NTSC	VI	3.02
	Table 22	NTSC Other (Tobacco Settlement)	19.9	19.9			NTSC	Other	3.02
					21.4	21.4	NTSC	Total	3.02
							Debt Service	Total	3.02
Total Debt Service Funds									
General Funds									
General Fund less CBRF & PFDD subfunds									
Taxes									
	Table 3	Corporate Petroleum Tax	178.4						
	Table 3	Property Tax	49.6						
	Table 3	Oil & Gas Hazardous Release	9.6						
	Table 3	Severance Tax	486.7						
	Table 3	Alcoholic Beverage (General Fund)	12.9						
	Table 3	Charitable Gaming (General Fund)	2.5						
	Table 3	Cigarette (General Fund)	9.5						
	Table 3	Corporation General Income Tax (General Fund)	53.4						
	Table 3	Electric and Telephone Cooperative (General Fund)	0.1						
	Table 3	Estate (General Fund)	3.1						
	Table 3	Fisheries Business (General Fund)	12.7						
	Table 3	Fishery Resource Landing (General Fund)	2.6						
	Table 3	Insurance Premium (General Fund)	34.1						
	Table 3	Mining (General Fund)	0.5						
	Table 3	Motor Fuel Tax-Aviation (General Fund)	40.2						
	Table 3	Other Tobacco Product (General Fund)	6.0						
	Table 20	Insurance Premium (Workers Safety & Comp)	3.2						
	Table 20	Electric and Telephone Cooperative (General Fund:Municipal Share)	3.1						
	Table 20	Fisheries Business (General Fund: Municipal Share)	12.6						
	Table 20	Fishery Resource Landing (General Fund: Municipal Share)	4.6						
	Table 20	Motor Fuel Tax-Aviation (General Fund: Municipal Share)	0.2						
	Table 20	Salmon Enhancement (General Fund: Qualifying Regional Associations)	3.7						
	Table 21 adj(4)	Ak Seafood Marketing (Tax in CAFR, C/S in RSB)	4.8						
	Table 3 adj(3)	L/P in RSB, Taxes in CAFR (General Fund)	1.2				GF	Taxes	3.12
				935.3					
Subtotal Taxes									
Licenses & Permits									
	Table 3	Motor Vehicle Fees (General Fund)	35.7						
	Table 21 adj(4)	Licenses and Permits in CAFR, Receipt Supported Services in RSB	21.5						
	Table 21 adj(4)	Licenses and Permits in CAFR, Statutorily Designated Receipts in RSB	1.2						
	Table 3 adj(3)	Licenses and Permits in RSB (General Fund)	5.3						
	Recon Adj(9)	Adj. or rounding to tie to CAFR GF L/P	(0.2)						
				63.5			GF	L/P	3.12
Subtotal Licenses & Permits									
Charges for Services									
	Table 3	General Government (General Fund)	16.0						
	Table 3	Natural Resources (General Fund)	1.9						
	Table 3 adj(2)	Other General Fund C/S (not including PFDD)	0.9						
	Table 21	C/S Marine Highway Receipts (General Fund: Marine Highway Fund)	32.2						
	Table 21	Charges for Services in CAFR Natural Resource (General Fund) C/S in RSB	0.1						
	Table 21	Charges for Services in CAFR General Government (General Fund) C/S in RSB	1.1						
	Table 21 adj(4)	Charges for Services in CAFR, Statutorily Designated Receipts in RSB	52.7						
	Table 21 adj(4)	Charges for Services in CAFR, Receipt Supported Services in RSB	44.4						
	Recon Adj(10)	CAFR Audit adjustment to AKSAS figures	6.3						
	Recon Adj(9)	Adj. or rounding to tie to CAFR GF C/S	1.2						
				156.8			GF	C/S	3.12
Subtotal Charges for Services									
Fines & Forfeitures									
	Table 3	Fines and Forfeitures (General Fund)	5.8						
	Table 22	Mitigation Accounts (General Fund)	4.2						
	Table 3 adj(2)	Other General Fund F/F (not including PFDD)	0.8						
	Recon Adj(9)	Adj. or rounding to tie to CAFR GF F/F	0.6						
				11.4			GF	F/F	3.12
Subtotal Fines & Forfeitures									

Table 61. Revenues Organized Like CAFR

Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund Type	Total	Crspndng CAFR Description	Crspndn g CAFR Schedule	Crspndn Schedule
Rents & Royalties	Royalties (including Bonuses)	575.8						
	Table 3	14.6						
	Mineral Bonuses and Rents	0.2						
	Table 3	0.6						
	Cabin Rentals (General Fund)	8.3						
	Table 3	0.2						
	Coal Royalties (General Fund)	2.5						
	Table 3	0.9						
	Land Leasing, Rental and Sale (General Fund)	0.1						
	Table 24							
	Land Leasing, Rental and Sale (General Fund)							
	Table 21 adj(4)							
	Rents and Royalties in CAFR, Statutorily Designated Receipts in RSB							
	Table 21 adj(9)							
	Recon Adj(9)							
	Adj. or rounding to tie to CAFR GF R/R							
	Subtotals Rents & Royalties							
	P&C							
	Schdl 3.12							
	Premiums & Contributions							
Investments	Treasury Interest and Investment Income	18.0						
	Table 3	7.6						
	Interest Paid by Others (general fund)	5.4						
	Table 3	(0.3)						
	Children's Fund Investment	(0.2)						
	Table 41	(0.6)						
	Recon Adj(9)							
	Recon Adj(10)							
	Subtotal Investment							
	Net Increase or Decrease in Fair Value							
	Schdl 3.12 (Table 3)							
	Treasury Interest and Investment Income							
	Table 3							
	Subtotal Net Increase or Decrease in Fair Value							
	Federal							
Other	Schdl 3.12 (Table 26)							
	Other Federal Revenues							
	Subtotal Federal							
	Other							
	Table 21 adj(4)							
	Table 21 adj(4)							
	Table 3							
	Miscellaneous (General Fund)							
	Table 25							
	Table 3 adj(2)							
PFDD	Table 22							
	Tobacco Settlement (Tobacco Use Ed & Cess Fund)							
	Table 3 adj(2)							
	Recon Adj(9)							
	Adj. or rounding to tie to CAFR GF Other (Mostly Tobacco Payments)							
	Subtotal Other							
	Total General Fund							
	PFDD							
	Schdl 3.12 (Table 3)							
	PFDD Subfund C/S							
CBRF	Schdl 3.12 (Table 26)							
	PFDD Subfund Fed							
	Schdl 3.12 (Table 3)							
	PFDD Subfund F/F							
	Schdl 3.12 (Table 3)							
	PFDD SubfundOther							
	Subtotal PPFD							
	CBRF							
	Interest and Other Investments							
	Table 18 adj(1)							
R&R	Interest Portion of Tax and Royalty CBRF Bound Settlements							
	Table 28 adj(1)							
	CBRF Investments							
	Subtotal I/I							
	Net Increase or Decrease in Fair Value							
	Schdl 3.12 (Table 28)							
	CBRF Investments							
	Subtotal net Increase or Decrease in Fair Value							
	F/F							
	Schdl 3.12 (Table 18)							
Taxes	Penalty Portion of Tax and Royalty CBRF Bound Settlements							
	Subtotal F/F							
	R&R							
	Schdl 3.12 (Table 18)							
	Royalty Portion of CBRF-Bound Settlements							
	Subtotal R&R							
	Taxes							
	Schdl 3.12 (Table 18)							
	Tax Portion of CBRF-Bound Settlements							
	Subtotal Taxes							
Total General Fund less CBRF & PFDD subfunds	Subtotal CBRF							
	Total CBRF							
	Subtotal PFDD							
	Total PFDD							

Table 61. Revenues Organized Like CAFR

[illegible]

Table 61. Revenues Organized Like CAFR

Source	Description	Subtotal		Subtotal	Subtotal	Crspndn g CAFR	Crspndn g CAFR
		Amount	Type	Revenue	Fund Type	Description	Schedule
Public School Trust/ Invest Royalties	Royalties to School Fund	4.3		4.3		Public School Trust R&R	3.02
	Table 18						
	Subtotal Royalties Investment	11.3		11.3		Public School Trust I/I*	3.02*
	Schdl 3.02 (table 40)						
	Subtotal Investment	(20.5)		(20.5)		Public School Trust I/I*	3.02*
	Net Increase or Decrease in Fair Value						
	Schdl 3.02 (table 40)					Public School Trust Total	3.02
	Subtotal net Increase or Decrease in Fair Value					PFs	
	Subtotal Public School Trust			(4.9)	(326.0)	Gov Funds	1.13
	Total Permanent Funds					Total	
Total Governmental Funds						3,493.6	

Items Not Found in Governmental Funds of CAFR

Dividends							
Table 25	AHFC Dividend	103.0		103.0			
Table 25	AIDEA Dividend	17.5		17.5			
Table 25	ASLC Dividend	4.0		4.0			
Table 25	AMBBA Dividend	0.6		0.6			
Subtotal Dividends						125.1	
Other Non Governmental Fund Revenues							
Table 3	Investment Loss Trust	0.1		0.1			
Table 28 adj(6)	Other Investments for non-governmental funds	8.9		8.9			
Table 42	Power Cost Equalization Endowment Earnings	(5.7)		(5.7)			
Table 21	Airport Fuel Sales, Landing and Other Fees (Ent Fnds: Intl. Airport Funds)	72.6		72.6			
Table 37	International Airport Revenue Fund	5.5		5.5			
Table 38	International Airport Construction Fund	7.2		7.2			
Table 39	International Airport Construction Fund	1.7		1.7			
Subtotal Other Non-Governmental Funds						90.3	
Permanent Fund Corporation Expenses							
Table 28 adj(7)	Permanent Fund Corporation Expenses	(38.1)		(38.1)			
Subtotal Permanent Fund Corporation Expenses						(38.1)	
Grand Total, Matches Table 60 Grand Total						177.3	
						<u>3,670.9</u>	

Footnotes to Table 60 and Table 61.

- (1) The CAFR includes the interest portion of oil and gas tax and royalty settlements in the “interest and investment income”, while the RSB attributes the interest to the tax type or royalty.
- (2) The Permanent Fund Dividend Subfund (PFDS) is a subfund of the general fund that the CAFR breaks out separately. This figure represents the amount left after subtracting PFDS revenue amounts from the GF figure in the RSB.
- (3) Some general fund licenses and permit revenue in the CAFR is included under taxes in the RSB.
- (4) Receipt supported services and statutorily designated revenues in the RSB must be split out between General Fund Rents and Royalties, Licenses and Permits, Charges for Services, Taxes and “other” in the CAFR.
- (5) No adjustment.
- (6) Nongovernmental fund earnings which may include some very small GF governmental fund subfunds.
- (7) The RSB reports permanent fund earnings (loss) net of expenses, while the RSB reports the total earnings (loss).
- (8) Split out of earnings in the Gefonsi in the RSB to CAFR investments and interest.
- (9) Reconciling adjustments necessary to arrive at the subtotals in the CAFR, often an effect of rounding.
- (10) Adjustments made in the CAFR to revenues reported in the Alaska State Accounting System.

X. APPENDICES

A. General Fund Unrestricted Sensitivity Matrices	A-2
B. Unrestricted Petroleum Production Tax and Royalty Revenue Forecast	A-3
C. Historical and Projected Crude Oil Prices	A-4
D. Historical and Projected ANS Production	A-5
E. Historical General Fund Unrestricted Revenue	A-6
F. Historical Petroleum Revenue	A-8

A. General Fund Unrestricted Revenue Sensitivity Matrices
\$ Million

FY 2003			
	Million barrels/day		
	0.90	0.95	1.00
15.00	1,320	1,330	1,340
16.00	1,320	1,330	1,340
17.00	1,320	1,330	1,340
18.00	1,320	1,330	1,340
19.00	1,350	1,360	1,370
20.00	1,380	1,390	1,410
21.00	1,420	1,440	1,470
22.00	1,470	1,500	1,530
23.00	1,510	1,550	1,580
24.00	1,560	1,600	1,640
25.00	1,600	1,650	1,700
26.00	1,650	1,710	1,760
27.00	1,690	1,760	1,820
28.00	1,740	1,810	1,880
29.00	1,780	1,860	1,940

FY 2004			
	Million barrels/day		
	0.90	0.95	1.00
15.00	1,090	1,120	1,150
16.00	1,140	1,170	1,200
17.00	1,190	1,230	1,260
18.00	1,240	1,280	1,310
19.00	1,290	1,330	1,370
20.00	1,340	1,380	1,420
21.00	1,390	1,440	1,480
22.00	1,440	1,490	1,540
23.00	1,490	1,540	1,590
24.00	1,540	1,600	1,650
25.00	1,590	1,650	1,700
26.00	1,640	1,700	1,760
27.00	1,690	1,750	1,810
28.00	1,740	1,810	1,870
29.00	1,790	1,860	1,930

FY 2005			
	Million barrels/day		
	0.90	0.95	1.00
15.00	1,050	1,080	1,100
16.00	1,100	1,130	1,160
17.00	1,150	1,180	1,210
18.00	1,200	1,230	1,260
19.00	1,240	1,280	1,320
20.00	1,290	1,330	1,370
21.00	1,340	1,380	1,420
22.00	1,390	1,430	1,480
23.00	1,440	1,480	1,530
24.00	1,490	1,540	1,580
25.00	1,530	1,590	1,640
26.00	1,580	1,640	1,690
27.00	1,630	1,690	1,750
28.00	1,680	1,740	1,800
29.00	1,730	1,790	1,850

B. Unrestricted Petroleum Production Tax and Royalty Revenue Forecast

\$ Million

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Alaska North Slope								
Oil Royalty - NET ⁽¹⁾	813.2	666.8	530.3	519.5	511.8	523.1	534.2	504.4
Oil Severance Tax	564.0	468.4	356.9	346.5	314.2	295.4	293.0	254.3
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	9.0	9.1	9.1	8.9	8.8	9.1	9.6	9.4
Gas Royalty	2.5	1.0	0.8	0.9	0.9	0.9	0.9	0.9
Gas Severance Tax	0.8	1.7	1.4	1.3	1.3	1.2	1.2	1.2
Subtotal	1,389.4	1,147.0	898.6	877.1	837.0	829.8	838.9	770.2
Cook Inlet								
Oil Royalty - NET ⁽¹⁾	24.4	22.9	19.4	18.7	17.9	25.5	24.9	24.6
Oil Severance Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Gas Royalty	26.2	24.9	25.7	26.5	27.4	28.2	29.2	30.1
Gas Severance Tax	22.6	18.5	19.0	19.7	20.3	20.9	21.6	22.3
Subtotal	73.4	66.6	64.5	65.2	65.9	75.0	76.1	77.3
TOTAL PRODUCTION TAX and ROYALTY REVENUE	1,462.9	1,213.7	963.1	942.3	902.9	904.8	914.9	847.5
Bonuses	5.5	7.2	6.2	11.8	18.8	9.6	7.0	7.3
TOTAL PRODUCTION TAX + ROYALTIES + BONUSES	1,468.3	1,220.9	969.3	954.1	921.7	914.5	922.0	854.8

(1) Unrestricted oil royalty revenue is net of Permanent Fund and Public School Fund contributions. Includes oil interest paid.

C. Historical and Projected Crude Oil Prices

\$ per Barrel

FY	WTI		ANS Wellhead		ANS West Coast	
	nominal	real2003	nominal	real2003	nominal	real2003
1990	20.06	29.08	11.90	17.25	17.22	24.96
1991	24.95	34.56	15.38	21.30	21.57	29.87
1992	20.69	27.37	11.21	14.83	16.64	22.01
1993	20.69	26.55	12.81	16.44	17.83	22.88
1994	16.69	20.79	9.57	11.92	14.05	17.50
1995	18.54	22.54	11.51	13.99	16.77	20.38
1996	19.20	22.65	12.60	14.86	17.74	20.93
1997	22.54	25.88	16.40	18.83	20.90	23.99
1998	18.03	20.24	11.91	13.36	15.86	17.80
1999	14.09	15.55	8.47	9.35	12.73	14.05
2000	24.82	26.87	18.82	20.37	23.27	25.19
2001	30.41	31.73	22.24	23.21	27.85	29.06
2002	23.80	24.05	16.80	16.98	21.78	22.01
2003	29.40	29.40	22.85	22.85	28.14	28.14
2004	26.93	26.17	20.02	19.46	25.28	24.57
2005	23.32	22.02	16.29	15.38	21.67	20.47
2006	23.65	21.71	16.44	15.09	22.00	20.19
2007	23.65	21.09	16.33	14.56	22.00	19.62
2008	23.65	20.50	16.25	14.09	22.00	19.07
2009	23.65	19.92	16.22	13.66	22.00	18.53
2010	23.65	19.36	16.10	13.18	22.00	18.01

D. Historical and Projected ANS Production

Million Barrels/ Day

FY	(1) Prudhoe Bay	(2) PBU- Satellite	(3) Kup- Kuparuk Satellite	(4) Milne Point	(5) Endicott	(6) GPMA	Alpine	Northstar	Nanuk	Fiord	Known Onshore	Point Thomson	Liberty	NPRA	TOTAL ANS
1978	0.702	.	.	.	.	.	.	.	.	.	.	.	.	.	0.702
1979	1.197	.	.	.	.	.	.	.	.	.	.	.	.	.	1.197
1980	1.422	.	.	.	.	.	.	.	.	.	.	.	.	.	1.422
1981	1.511	.	.	.	.	.	.	.	.	.	.	.	.	.	1.511
1982	1.531	.	0.039	.	.	.	.	.	.	.	.	.	.	.	1.570
1983	1.532	.	0.095	.	.	.	.	.	.	.	.	.	.	.	1.627
1984	1.539	.	0.118	.	.	.	.	.	.	.	.	.	.	.	1.657
1985	1.534	.	0.161	.	.	.	.	.	.	.	.	.	.	.	1.694
1986	1.555	.	0.238	.	0.009	.	.	.	.	.	.	.	.	.	1.802
1987	1.564	.	0.272	.	0.006	0.018	.	.	.	.	.	.	.	.	1.859
1988	1.605	.	0.287	.	0.000	0.069	0.044	.	.	.	.	.	.	.	2.006
1989	1.524	.	0.300	.	0.002	0.098	0.038	.	.	.	.	.	.	.	1.962
1990	1.396	.	0.300	.	0.011	0.103	0.037	.	.	.	.	.	.	.	1.846
1991	1.330	.	0.299	.	0.018	0.108	0.039	.	.	.	.	.	.	.	1.794
1992	1.300	.	0.316	.	0.020	0.111	0.037	.	.	.	.	.	.	.	1.783
1993	1.193	.	0.322	.	0.018	0.115	0.031	.	.	.	.	.	.	.	1.679
1994	1.082	.	0.308	.	0.018	0.099	0.083	.	.	.	.	.	.	.	1.593
1995	0.991	.	0.303	.	0.021	0.099	0.145	.	.	.	.	.	.	.	1.572
1996	0.891	.	0.283	.	0.022	0.089	0.165	.	.	.	.	.	.	.	1.474
1997	0.809	.	0.267	.	0.052	0.068	0.180	.	.	.	.	.	.	.	1.404
1998	0.713	.	0.260	0.001	0.053	0.058	0.161	.	.	.	.	.	.	.	1.275
1999	0.636	0.003	0.241	0.025	0.055	0.048	0.127	.	.	.	.	.	.	.	1.164
2000	0.570	0.004	0.212	0.037	0.053	0.044	0.090	.	.	.	.	.	.	.	1.035
2001	0.540	0.007	0.196	0.031	0.052	0.037	0.071	0.040	.	.	.	.	.	.	0.991
2002	0.487	0.026	0.175	0.039	0.052	0.033	0.056	0.096	.	.	.	.	.	.	1.003
2003	0.435	0.045	0.158	0.052	0.051	0.028	0.066	0.098	0.059	.	.	.	.	.	0.994
2004	0.421	0.057	0.156	0.053	0.055	0.032	0.059	0.100	0.060	.	.	.	.	.	0.993
2005	0.400	0.080	0.155	0.051	0.061	0.029	0.052	0.103	0.060	.	.	.	.	.	0.992
2006	0.383	0.084	0.148	0.049	0.062	0.027	0.046	0.103	0.060	.	.	.	.	.	0.962
2007	0.368	0.087	0.141	0.060	0.060	0.025	0.040	0.103	0.048	0.014	0.010	.	.	.	0.957
2008	0.355	0.089	0.134	0.072	0.059	0.024	0.036	0.103	0.038	0.014	0.020	0.010	0.030	.	0.984
2009	0.340	0.083	0.128	0.074	0.060	0.022	0.032	0.090	0.031	0.014	0.020	0.025	0.075	0.035	1.031
2010	0.326	0.076	0.122	0.075	0.060	0.021	0.029	0.074	0.025	0.012	0.018	0.030	0.072	0.050	1.008

(1) Includes NGLs from Central Gas Facility shipped to TAPS

(2) Midnight Sun, Polaris, Aurora, Borealis and Orion

(3) West Sak, Tobasco, Tarn, Meltwater and other potential Kuparuk Satellites

(4) Milne Point, Schrader Bluff and Sag River

(5) Endicott, Sag Delta, Eider and Badami

(6) Lisburne, Point McIntyre, Niakuk, West Beach & North Prudhoe Bay State

E. Historical General Fund Unrestricted Revenue

\$ Million

							(1)	(1)	(1)	(1)	(1)	(1)
FY	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
TAX PORTION												
Property Tax	85.0	69.0	66.9	61.5	57.3	56.0	53.6	51.3	48.8	45.0	45.1	49.6
Sales/Use												
Alcoholic Beverages	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8	12.2	12.7	12.0	12.9
Tobacco Products	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4	15.2	16.3	16.3	15.5
Insurance Premium	24.4	25.5	26.3	26.1	27.9	28.2	28.4	33.7	28.4	28.7	32.2	37.4
Motor Fuel Tax (3)	39.8	43.3	40.8	40.5	39.6	37.7	35.3	35.6	37.8	42.1	37.5	40.2
Total	90.4	95.1	93.0	92.7	93.9	92.1	89.0	96.5	93.6	99.8	98.0	106.0
Income Tax												
Corporation General	37.9	33.7	25.1	44.3	67.0	53.3	48.4	53.4	53.8	56.3	59.5	53.4
Corporation Petroleum	185.1	165.5	117.6	17.8	128.5	173.7	269.4	200.1	145.1	162.7	338.1	178.4
Total	223.0	199.2	142.7	62.1	195.5	227.0	317.8	253.5	198.9	219.0	397.6	231.8
Severance Tax												
Oil and Gas Production	1,253.8	1,022.2	989.4	662.8	769.8	771.7	907.0	564.4	358.6	693.2	694.4	486.7
Oil and Gas Conservation	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6	1.4	0.0	0.0	0.0
Oil and Gas Hazardous Release	28.0	28.7	26.1	27.0	22.1	13.7	12.9	11.8	11.1	9.5	9.4	9.6
Total	1,284.1	1,053.2	1,017.6	692.1	793.9	787.2	921.6	577.8	371.1	702.7	703.8	496.3
Other Natural Resource Tax												
Salmon and Seafood Marketing	3.3	2.8	3.6	5.8	7.9	8.6	7.6	5.6	5.3	7.2	5.7	4.8
Salmon Enhancement	6.2	4.2	6.8	5.0	5.7	5.2	4.2	4.2	3.9	5.3	3.6	3.7
Dive Fishery Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Fisheries Business	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5	25.9	36.7	30.5	25.3
Fish Landing	0.0	0.0	0.0	0.1	7.3	7.1	7.3	3.8	5.9	5.3	7.3	7.1
Total	40.6	37.1	52.6	44.8	59.9	59.1	50.1	42.1	41.0	54.7	47.3	41.1
Other Tax												
Estate	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5	1.7	2.5	2.7	3.1
Other	4.1	4.1	4.1	4.7	4.8	4.9	5.0	6.1	6.5	8.9	7.4	6.1
Total	7.4	5.1	5.0	6.3	6.0	6.6	6.7	11.6	8.2	11.4	10.1	9.2
TOTAL TAXES	1,730.5	1,458.7	1,377.8	959.5	1,206.5	1,228.0	1,438.8	1,032.8	761.6	1,132.6	1,301.9	934.0

FY	1991	1992	1993	1994	1995	1996	(2) 1997	(2) 1998	(2) 1999	(2) 2000	(2) 2001	(2) 2002
NON TAXES												
Licenses and Permits	29.1	32.4	32.7	35.7	34.7	60.9	69.0	74.6	63.7	69.2	37.3	42.2
Intergovernmental Receipts												
Federal Shared Revenues	14.8	11.4	10.3	4.3	4.2	1.0	2.0	2.2	0.8	1.0	0.3	0.1
Charges for Services												
Marine Highways	40.7	42.3	40.8	40.4	41.5	38.5	38.6	37.1	38.8	38.3	37.6	32.2
Other	16.5	44.1	14.3	18.0	18.1	36.9	39.5	34.9	31.8	43.7	27.0	19.1
Total	57.2	86.4	55.1	58.4	59.6	75.4	78.1	72.0	70.6	82.0	64.6	51.3
Fines and Forfeitures	0.0	0.0	0.0	0.0	0.0	9.4	8.2	37.7	12.5	46.2	33.6	6.6
Rents and Royalties												
Mineral Bonuses, Rents, Royalties	24.8	6.5	44.3	5.2	5.6	6.9	7.4	23.0	25.6	4.0	7.1	14.6
Oil and Gas Royalties	951.6	702.4	711.3	512.1	628.3	642.2	759.2	480.4	322.6	727.9	781.0	581.2 (4)
Timber Sales	0.4	0.6	0.6	0.4	0.6	1.5	1.9	0.8	0.3	0.3	0.4	0.2
Sale of State Property	4.7	1.0	4.0	9.0	21.8	8.1	8.6	8.1	10.6	9.4	10.5	9.1
Total	981.5	710.5	760.2	526.7	656.3	658.7	777.1	512.3	359.1	741.6	799.0	605.1
Investment Earnings	125.0	101.8	70.9	31.7	72.4	64.1	77.1	60.6	46.5	48.1	78.8	43.1 (5)
Miscellaneous Revenue	14.9	61.4	45.0	36.2	49.2	35.8	44.6	33.5	37.3	27.1	34.9	42.3
Subtotal NON-TAX REVENUE	1,222.5	1,003.9	974.2	693.0	876.4	905.3	1,056.1	792.8	590.5	1,015.2	1,048.5	790.7
Plus: Income from prior years	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NON-TAX REVENUE	1,256.1	1,003.9	974.2	693.0	876.4	905.3	1,056.1	792.8	590.5	1,015.2	1,048.5	790.7
TOTAL TAX REVENUE	1,730.5	1,458.7	1,377.8	959.5	1,206.5	1,228.0	1,438.8	1,032.8	761.6	1,132.6	1,301.9	934.0
TOTAL GENERAL FUND UNRESTRICTED REVENUE	2,986.6	2,462.6	2,352.0	1,652.5	2,082.9	2,133.3	2,494.9	1,825.7	1,352.1	2,147.8	2,350.4	1,724.7

(1) All restricted General Fund receipt-supported services and subfund tax revenue is included in this table.

(2) Starting in FY 1996, all General Fund program receipts are included under Unrestricted Revenue. FY 1996 also includes additional royalties due to payment from the TAPS Liability Fund. However, starting in FY 1998, non-tax General Fund program receipts have been moved from unrestricted to "Statutorily Designated Program Receipts", "Receipt Supported Services" and General Fund subfund categories.

(3) Motor Fuel Tax includes aviation, highway and marine.

(4) FY 2001 oil and gas royalties adjusted to include interest earnings.

(5) FY 2001 investment revenue adjusted to exclude oil and gas interest earnings.

F. Historical Petroleum Revenue

\$ Million

FY	Corporate Petroleum Tax	Production Tax	Petroleum Property Tax	Reserve Tax	(1) (2) Royalties	(1) (2) Bonuses & Rents	(3) Petroleum Special Settlements	Total Petroleum Revenue	(4) Cumulative Total Petroleum Revenue	Total General Fund Unrestricted Revenue	% of Total General Fund Unrestricted Revenue
1978	8.4	107.7	173.0	.	150.6	1.8	.	441.5	2,797.8	764.9	58%
1979	232.6	173.8	163.4	.	250.2	1.6	.	821.6	3,619.4	1,133.0	73%
1980	547.5	506.5	168.9	.	689.4	344.2	.	2,256.5	5,875.9	2,501.2	90%
1981	860.1	1,170.2	143.0	.	1119.7	11.3	.	3,304.3	9,180.2	3,718.0	89%
1982	668.9	1,581.7	142.7	.	1174.4	7.1	.	3,574.8	12,755.0	4,108.4	87%
1983	236.0	1,493.7	152.6	.	1105.6	38.7	.	3,026.6	15,781.6	3,631.0	83%
1984	265.1	1,393.1	131.0	.	1058.5	13.9	.	2,861.6	18,643.2	3,390.1	84%
1985	168.6	1,389.4	128.4	.	1042.2	14.9	.	2,743.5	21,386.7	3,260.0	84%
1986	133.9	1,107.9	113.5	.	845.0	38.9	418.2	2,657.4	24,044.1	3,075.5	86%
1987	120.4	648.5	102.5	.	448.3	4.3	70.5	1,394.5	25,438.6	1,799.4	77%
1988	158.0	818.7	96.2	.	701.5	11.3	163.9	1,949.6	27,388.2	2,305.8	85%
1989	166.0	698.8	89.7	.	611.5	16.7	257.7	1,840.4	29,228.6	2,186.2	84%
1990	117.2	1,001.6	89.8	0.0	753.7	4.2	154.8	2,121.3	31,349.9	2,507.2	85%
1991	185.1	1,284.8	85.0	0.0	958.7	24.7	33.5	2,571.8	33,921.7	2,986.6	86%
1992	165.5	1,053.2	69.0	0.0	708.2	6.8	4.7	2,007.4	35,929.1	2,462.6	82%
1993	117.6	1,017.6	66.9	0.0	716.7	44.3	4.7	1,967.8	37,896.9	2,352.0	84%
1994	17.8	692.1	61.5	0.0	516.1	5.1	0.1	1,292.7	39,189.6	1,652.5	78%
1995	128.5	793.9	57.3	0.0	631.8	5.0	0.7	1,617.2	40,806.8	2,082.9	78%
1996	173.7	787.2	56.0	0.0	642.2	5.7	0.0	1,664.8	42,471.6	2,133.3	78%
1997	269.4	921.6	53.6	0.0	759.2	6.4	0.0	2,010.2	44,481.8	2,494.9	81%
1998	200.1	577.8	51.3	0.0	480.4	23.0	0.0	1,332.6	45,814.4	1,825.5	73%
1999	145.1	371.1	48.8	0.0	322.6	25.6	0.0	913.2	46,727.7	1,352.1	68%
2000	162.7	702.7	45.0	0.0	731.9	4.0	0.0	1,646.3	48,373.9	2,147.6	77%
2001	338.1	703.8	45.1	0.0	781.0	7.1	0.0	1,875.1	50,249.0	2,282.0	82%
2002	178.4	496.3	49.6	0.0	581.2	14.6	0.0	1,320.1	51,569.1	1,668.0	79%

(1) These categories are primarily composed of petroleum revenue, however, they include some additional revenue from other minerals (mostly coal).

(2) Royalties and bonuses and rents are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) Revenue shown here is not subject to deposit in the CBRF. All other tax settlements are deposited in the CBRF.

(4) This table shows historical petroleum revenue for FY 1978-2002. The cumulative petroleum revenue total is based on revenue beginning in FY 1959.

In accordance with AS 37.07.060 (b)(4), the Revenue Sources book is compiled biannually by the Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources: (1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues; (2) a petroleum revenue model created by the department's Tax Division; and (3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this document.

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